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INTRABLOC

Czechs Threaten Slovaks With Specter of Hungarian Rule

25000751F Budapest NEPSZABADSAG in Hungarian
21 Jun 90 p 3

[Editorial by Pal E. Feher: "To Be Scared of Hungarians?"]

[Text] Even if I wanted to, I would not be able to involve the respected leader in the rather aggressive manifestations of Czech and Slovak controversies involving national sentiments. Recently these controversies have been aired in public. There are issues between two historically interdependent peoples, of course, just as there are or may be issues that are best dealt with in the framework of open dispute. If possible, such disputes should be supported by scientific arguments, and should by all means be based on reality, i.e. in the spirit of joint statehood and mutual interdependence. There are disputes of this nature, and it is very easy to find one's way through them. But at this time I am referring to passions that are appearing with increasing frequency, and are based on the most unexpected arguments on the pages of Czech and Slovak literature, quasi-literature, and newspapers. It is difficult to see through these, let alone to understand them....

I could dismiss them by saying that we Hungarians have nothing to do with them.... Let these quarrels remain delicacies for authoritative researchers, who, I repeat, seek the assistance of publicity, rather than of the sensible reasoning of science. But perhaps not so unexpectedly, we Hungarians are also mixed in with these quarrelsome cases. And this is the point at which we are no longer able to remain indifferent.

Most recently a Czech writer, the prestigious Ludvik Vaculik, author of "2000 Words" published in 1968, as well as of the no less famous "Szekerce," also published in Hungary, wrote something in one of Prague's literary and political weeklies, according to which Slovak national endeavors must take into consideration that at one point the Czechs will want to form an alliance with the Austrians, and at that point they, the Czechs, will lose Slovakia, which constitutes a "deficit," and the burden of the unblessed Hungarian-Slovak relationship. Slovak writer Vladimir Minac wrote in response: In all due respect he must state that Slovaks should not be intimidated by invoking the Hungarians and a nonexistent Czech-Austrian alliance. They should understand instead that the theory of a unified Czechoslovak nation once advocated by President Dr. Benes has neither content nor a Hinterland.

All of this took place a few weeks ago, and since then hardly a day has passed without readers of the Czech and Slovak press being confronted with some echo of this close combat between ideals. Most recently, for example, on the pages of the newspaper which published Ludvik Vaculik's above-mentioned writing, there appeared a

lead editorial which once again contained a warning. (We reported on this article in our Saturday issue.) In Slovakia, author Petr Liska explained, there reside some 700,000 Hungarians in addition to Slovaks, and this must be recognized by every Slovak. Moreover, certain Slovak political factors must not forget that Slovakia's borders are guaranteed solely by the Trianon Peace Treaty that was consummated with Czechoslovakia, the writer of the Czech newspaper continues. Slovakia's southern borders would become uncertain in any attempt to go independent.

Quite naturally Slovak public opinion reacted with outrage. They translated Petr Liska's name into Hungarian—Peter Roka—i.e. calling him some kind of Hungarian agent, and told him through NARODNA OBRODA on Monday that the southern borders of Slovakia were changed by the Vienna Decree of 1938, a result of the Munich Decree which is also a memorable day of mourning for the Czechs. And for greater emphasis, this same Slovakian paper published a letter to the editor in the same issue making reference to the memorial session of the Hungarian Parliament and to the memorial events organized in Budapest on the occasion of Trianon, demanding that the Czechoslovak Federal Government and the Parliament protest these events instantly.

In other words, we the Hungarians have become the reason others are afraid, in an otherwise not particularly high standard dispute. Elsewhere, in other countries, not too long ago, Nicolae Ceausescu used even more coarse terms in referring to the threat of Hungarian intervention. This was supposed to be the yeast for Romanian national thought, and not too long ago, anti-Hungarian pogroms were also organized in this spirit. This could be ruled out [as a possibility] in Czech-Slovakia [as published]. We could not, and perhaps it would not be worth our while to, interfere in this heated quarrel from here, from the outside. But we here in Hungary must conduct our political affairs aware of these events.

HUNGARY

Reporter Asks Koszeg Whether He Has Ties to CIA

25000750A Budapest REFORM TALLOZO
in Hungarian 22 Jun 90 p 1160

[Reprint from 15 Jun 90 issue of DEL-KELET; Interview with Alliance of Free Democrats—SZDSZ representative Ferenc Koszeg, by "hornok": "Ferenc Koszeg Is Not in Touch With American Intelligence; Six Spies in Prison; Spying for the Soviets Is No Crime"]

[Text] In Tuesday's parliamentary debate concerning the legislative proposal on general amnesty, Ferenc Koszeg (SZDSZ [Alliance of Free Democrats]) felt that amnesty should be extended to six persons, previously convicted for spying, who are presently serving their sentences. As

we learned, Ferenc Koszeg had an opportunity to meet with the six Hungarian spies.

[Koszeg] I paid a visit to the transit prison where they are serving their terms. One of them is a military officer, the rest are civilians. All of them passed various information on to foreign intelligence services. I consider it essential that, according to what they said, the information revealed was not really essential, important.

[hornok] What kind of information are we talking about?

[Koszeg] In part technical military information, and in part economic information. Incidentally, every case of this nature was tried by military tribunals, even if the spying activity had no military implications whatsoever.

[hornok] One of the six was sentenced to life imprisonment....

[Koszeg] Yes, he was a high-ranking official; in addition to that he was active as an informant. He said that he was prompted to maintain relations with American intelligence so that certain information would not be passed on to Soviet intelligence. As a result of information passed on to the Soviet Union, NATO would have become so vulnerable that all of this would have gravely endangered peace in Europe. He thought he should inform American intelligence about all this. I do not know whether all this took place the way he says it did, or if his statement represents only an explanation after the fact, nevertheless I would like to call public attention to this controversial situation. The colleagues of this intelligence officer sentenced to life in prison, colleagues who worked for Soviet intelligence, are not being punished, of course; in fact, they are advancing nicely up the official career ladder.

I felt that spying should be exempted from the list of grave criminal acts. By this I am certainly not saying that spying is not a grave crime. But in regard to these six convicts there is a need for individual amnesty, or perhaps for a de novo trial. That is, there is reasonable doubt about the fairness of the proceedings by which they were convicted. After all, the trials took place with the full exclusion of the public.

[hornok] They say that you have rather good relations with the leadership of American intelligence....

[Koszeg] Me?! Come on now, I would also be held in the transit prison if that were the case....

Jeszenszky on Foreign Ministry Reorganization, Warsaw Pact

25000752A Budapest MAGYAR HIRLAP in Hungarian
5 Jun 90 pp 1, 5

[Interview with Foreign Minister Geza Jeszenszky by Peter G. Feher; place and date not given: "Geza Jeszenszky on Questions That Require Answers; Hungary Is Prepared To Host a Soviet-American Summit"]

[Text] The Foreign Ministry is facing reorganization. At the same time, however, Hungarian diplomacy must respond to new challenges. Paralleling this, the ministry keeps making initiatives, among other matters by saying that Budapest is prepared to organize a Soviet-American summit meeting.

[Feher] The Foreign Ministry is being reorganized at present. Mr. Foreign Minister, what kind of changes do you plan to make, considering the fact that concepts like East and West have acquired new meaning?

[Jeszenszky] Changing the ministry's structure would be necessary even if the government had not changed in Hungary, and if this change had not also meant a change in the system. New priorities emerge in the life of every country, and parallel with this the system of concepts used earlier also changes. Irrespective of which party won, and who became the leaders of the ministry, reorganization was regarded as necessary for a long time. Reorganization must serve both processes at the same time. In conjunction with this, some personnel changes will take place which are not independent of the political changes, but even without this a reorganization would have been timely, because in the earlier paternalistic system the retirement age was not given much consideration. A person who found a good job, so to speak, could be part of the diplomatic service for a long time, independent of whether his energy, his health conditions, enabled him to serve. At present we would like to have a clean slate in this regard.

I am unable to provide you with accurate data at the moment as far as details are concerned, because we do not intend to implement the changes by way of dictatorship, using authoritarian means. It is certain that in the future the geographical viewpoint will be the logical organizing principle. Thus far this principle has been applied in an arbitrary way, because they have mixed geography with a grouping based on political systems. This is the way such odd situations came about as having North Korea and South Korea, or the two Germanys, dealt with by different desks. For this reason we will use the geographical division, as is done in most foreign ministries of the world. This will seemingly resemble the previous system, because our continent has two parts indeed, in a geographical sense. It so happens that the former socialist countries have a certain kind of system for their relationships, which, from the standpoint of the tasks to be accomplished, warrant the fact that they belong in the same division. At the same time, it is equally clear that the East European division should be dealing with Yugoslavia, while not a single element of a unified Germany will be under the jurisdiction of this [East Europe] desk.

[Feher] On Saturday, at the Hungarian Democratic Forum [MDF] meeting, Mr. Antall made reference to the fact that he would like to be the prime minister of 15 million Hungarians. Both the government program and the present leaders of the country stressed several times that they wish to assume responsibility for Hungarians

outside of our borders. In diplomatic terms the situation of Hungarians is rather unsettled in four countries. Isn't there a threat that these countries will constitute a certain anti-Hungarian platform?

[Jeszenszky] I hope that this will not happen, particularly because I do not see any reason for it. It is possible that the prime minister's statement you quoted may be taken the wrong way by certain neighboring countries, but I do not believe they have any reason for that. Because in most places in the world they recognize the fact that it is the moral duty of the parent country to care for its compatriots in neighboring or other countries. No one is struck by the fact that Hungarians in America may become involved in the Hungarian conditions, i.e. no one experiences anxiety if Jozsef Antall says that in spirit he is also the prime minister of Hungarians residing in America. It is precisely for this reason that no ill feelings should be prompted by the fact that we assume moral responsibility for the fate of Hungarians who reside in neighboring countries. We clearly stated that Hungary accepts the European borders, in the spirit of the Helsinki Accord, adding at the same time that we wish to resolve the minority problem not by changing the borders, but by reducing the significance of borders. For this reason we should not be shocked if a German person or a Slovak in Hungary manifests dual loyalty.

[Feher] With regard to the Warsaw Pact, not all member countries share the Hungarian viewpoint. In its fear of a unified Germany, Poland does not urge its departure from the Warsaw Pact, and does not urge the dismantling of the organization. Romania has declared that it would like to see a Warsaw Pact in which every member state has greater freedom. Could this not create a problem in which Hungary is left all by itself regarding this issue?

[Jeszenszky] I do not believe that our being left alone would be of concern to us. In my view a majority of our neighbors have not reached a final decision regarding this issue. Actually, the future of the Warsaw Pact is open. Some states feel that time has transcended the organization, others envision certain advantages in an organization which may be transformed. It is also our goal to be able to make decisions in a sovereign manner, weighing the advantages and disadvantages. But we have always added a statement to our plans that under no circumstances would we want to burn bridges, discontinue existing relations. We want to change only the military and that rather unequal political relationship which the Warsaw Pact has represented thus far.

[Feher] A rumor floated just before the Reykjavik Soviet-American summit, that the leaders of the two great powers may hold discussions in Budapest. Considering the fact that it appears that negotiations between the upper level leadership groups of the great powers are becoming regular, has the thought not occurred that in a given situation the presidents of the United States and the Soviet Union should meet here, in the heart of Europe, in Budapest?

[Jeszenszky] I very much welcome this idea. We just heard that Mikhail Gorbachev and George Bush intend to hold several meetings during the course of this year. The idea by Budapest to hold a meeting here remains unchanged. And I can state, not only as a private person, but also as a member of the government, that we are prepared to organize a summit meeting.

Balsai Updates Press Concerning Justice Ministry Activities

25000752B Budapest NEPSZABADSAG in Hungarian
27 Jun 90 p 5

[Article by Andras Sereg: "Cabinet Being Formed in the Ministry of Justice; The Hungarian Legal System Is Being Examined"]

[Text] "The past month may be regarded as productive," Justice Minister Istvan Balsai announced at a press conference yesterday morning concerning the current tasks of the Justice Ministry. We also learned that among the ministries the Justice Ministry was first to complete its reorganization, and hereafter they will be able to concentrate on codifying work.

According to the justice minister, the fact that the ministry must be taken over at a time when each week governmental and parliamentary work consumes four or five days is causing difficulty. Despite all this, however, in recent weeks they have been able to resolve the organizational and personnel issues within the ministry. They entirely restructured the ministry, and did away with the previous, rather complicated structure of superior and subordinate relationships.

Administrative State Secretary Tibor Bogdan added to this statement by saying that in their judgment a highly qualified core of professionals is needed to perform the tasks facing the Justice Ministry. As a result of this consideration, they decided to establish a so-called ministerial cabinet. They would like to acquire the services of prestigious lawyers to work in the five-member advisory body which would function directly alongside the minister. The cabinet would not only raise the standards of the work performed by the ministry, but would also provide professional control and establish an internal balance, according to Bogdan.

At the meeting the hosts voiced their view several times about the impatience manifested by the public (and the press, of course). Political state secretary Tamas Isepy, for example, regarded the cursing of the government as a national attribute having a Kuruc charge [reference to 18th Century history]. He said that it would be easier to create something from nothing than to have to clear the ruins away prior to creation.

"Many ask why no major laws, and only the 'rabbit's tail' amendments are presented to Parliament," Bogdan asked before journalists could do so. Responding to the rhetorical question, he said that the preparation of uniform codes is a time-consuming task. As an extreme

example he made reference to the first law on civil procedure which was in the making for 21 years. Although this much time is not available now, without careful preparation, amending the amendments could take place frequently, as has happened already in regard to the land law. Nevertheless, several laws must be amended, because more than one proposed amendment contains concepts that are different from what is contained in the original law. As an example of such laws, he mentioned the corporate law and the law on transformation.

According to Bogdan, codifying work is not made easy by the fact that privatization, of the proportions it must assume in Hungary, has not been accomplished anywhere in the world. Beginning in early fall, proportioned both in time and in subject matter, between 15 and 20 new laws will be presented to Parliament. In other words, at present there are not just three or four areas of law at issue, but the entire Hungarian legal system is being dealt with.

Several specific proposed laws were also discussed at the press conference. It was said that the most delicate part of the press law now being prepared is the issue of ownership. The profession and the public are really only now awakening to the fact that the unlimited influx of foreign capital presents no small danger, Bogdan noted.

We also learned that not too long ago the ministry removed from its agenda the drafting of the law concerning uniform legal representation. Their plan is that after passing the bar exam any person should be able to be a member of the bar as a matter of individual right.

Responding to a journalist's question, Istvan Balsai revealed that minister without portfolio Gyula Kiss was assigned the function of submitting to the government (not to the National Assembly!) by the end of next month a legislative proposal to indemnify persons convicted for their political activities between 1945 and 1963. The justice minister expressed his view about the issue involving the pressing of the button revealed the other day [A communist representative cast a vote in Parliament for his absent colleague]. In his view, fraud or some other criminal act may be ruled out, because the situation is not regulated by law. In his view the issue should be weighed from a political standpoint. Certainly the persons involved must draw the political consequences of this case, Balsai said.

Nominees for Chief Judge, Top Prosecutor Interviewed

25000751C Budapest NEPSZABADSAG in Hungarian
21 Jun 90 p 4

[Interviews with Dr. Pal Solt, Supreme Court president designate, and with Dr. Kalman Gyorgyi, supreme prosecutor designate, by Andras Sereg on 20 Jun; place not given: "Who Will Be the President of the Supreme Court and the Supreme Prosecutor? Snapshots of the Nominees"]

[Text] Yesterday morning the National Assembly Committee on the Constitution, Legislative Development, and the Judiciary heard the nominee for the office of the president of the Supreme Court and the nominee for the post of supreme prosecutor. Consistent with house rules, the committee issued a report after the hearing. Both reports (with a positive content) were adopted by a unanimous vote of the committee. As we learned, Dr. Pal Solt and Dr. Kalman Gyorgyi are expected to be elected at the parliamentary session next Tuesday.

Dr. Pal Solt, nominee for president of the Supreme Court of the Hungarian Republic, served as a judge for 30 years. He began his career as a law clerk at the Pest Central District Court. After passing the judges' examination he was transferred to the Supreme Court where he first dealt with criminal cases, and subsequently with civil cases. During the 1970's he spent more than eight years at the legal division of the Ministry of Finance. He returned to the Supreme Court from that post. At present Dr. Solt is a member of the Constitutional Court. He is married, and his son is a second-year law student.

[Begin interview] [Sereg] During the past decade the president of the Supreme Court played a relatively small role in public life. Although periodically he reported to Parliament about the activities of the judiciary, beyond that the public has not seen the president of the Supreme Court very often. Will there be a change in this regard?

[Solt] The restrained role of previous presidents in the National Assembly may also be explained by the separation of powers, the peculiar situation of the judiciary. An earlier constitutional amendment removed the possibility of raising questions to the president of the Supreme Court in Parliament. This amendment was appropriate in my view. But since the president continued to be able to be present at the sessions of Parliament as an invited guest, I do not consider it inconceivable that the president could explain to the full plenum of the National Assembly matters involving the activities of the judiciary.

[Sereg] You are a Constitutional Court judge, and now you are the nominee for president of the Supreme Court. Within their particular fields, both organizations are the highest judicial forums.

[Solt] The Constitutional Court examines legal provisions, even if the examination of legal standards arises as a result of an individual case. If, after exhausting all remedies, a citizen continues to believe that an affirmed judicial decision is based on an unconstitutional legal provision, he may turn to the Constitutional Court. In contrast, the Supreme Court does not review legal provisions, but examines decisions made by judges, insofar as it acts as the court of second instance.

[Sereg] In the course of your [nomination] hearing, reference was made to the fact that certain decisions regarding principles, certain guidelines issued by the Supreme Court, need to be reviewed from the standpoint of the [applicable legal] standards. Some guidelines not

only explain the legal standard, but themselves contain law. Do you agree with this finding?

[Solt] Regardless of how good a legal provision may be, it will still amount to only an abstract legal standard. A judge's decision is derived from the comparison of a specific case to the abstract legal standard. By necessity, there will be differences between the two; these can be bridged only by providing legal arguments. It is difficult to draw the line where the interpretation of law ends and the new legal standard begins. We must recognize that there are a few—not many—guidelines in principle which must be reviewed. [end interview]

Dr. Kalman Gyorgyi, the nominee for supreme prosecutor of the Hungarian Republic, is 51 years old. He is the dean of the Eotvos Lorand University of Sciences [ELTE] Law School. Like his fellow nominee he completed his university studies summa cum laude. Dr. Gyorgyi is a well-known expert in material criminal law. He is the author of about 100 articles published in various professional journals. He feels particularly close to the study of criminal acts and to issues pertaining to sentencing. His wife is a lawyer, and he has one child.

[Begin interview] [Sereg] At the hearing you told the committee that thus far in your career you have had no close relationship with the office of the prosecutor. You also said that in earlier days you were invited to several places but you always declined. Why did you accept the nomination?

[Gyorgyi] I very much like to teach, and I hope that if I am elected I will not need to discontinue teaching. I regard [my nomination] to the post of supreme prosecutor as a professional challenge, as an assessment of my person. I am confident that I will be able to perform the tasks.

[Sereg] You announced to the committee that you consider it important for the public to understand the prosecutor's office. What will it take to establish this support?

[Gyorgyi] The prosecutor's office must find its constitutional place as soon as possible; it is this kind of problem that makes its functioning more difficult. The decision which prohibits political activities within the prosecutor's office amounted to a great step forward; they declared the profession of prosecutors incompatible with party membership. I am of the view that the prosecutor should be committed only with respect to laws. [end interview]

National Police Chief, Interior Minister on Police Future

Fundamental Renewal Needed

25000751E Budapest MAGYAR HIRLAP in Hungarian
21 Jun 90 p 3

[Article by (illegible): "National Police Chief Statement: Maintaining Order Carries a Price Tag"]

[Text] "What kind of police force would you like to see," we asked Dr. Gyozo Szabo, who occupied his office as head of the National Police Command a few days ago. "I would like to see the same kind of police force the rest of the Hungarian citizens want to see: one that is free of politics, is professionally well qualified, acts in a cultured manner, and is effective in its actions to protect public order," the response came. In the police chief's view, only a fundamentally renewed police force is capable of accomplishing this. For this reason significant changes will be made in terms of organization, personnel, and outlook. "As a first step we will complete the separation of the police from the Ministry of the Interior. This will primarily represent independence with regard to the budget, and within that, with respect to the management of wages and the number of personnel. At present the cost of operating the police can only be estimated. The National Police Command would like it to become impossible to reduce the funds appropriated to the police in the course of the year, or to reallocate these funds to other areas, as has happened a number of times before."

As far as the establishment of the organization is concerned, Szabo believes that this can only be of a provisional character, because a permanent structure may be realized only after the adoption of a law concerning the police. "This will be preceded by an analysis of the present organization, to be accomplished by a foreign firm which has great practice in this field. As a result of this analysis we would like to determine the size, equipment, and structure of the police force that would be needed for the maintenance of public order and public security, and to the reduction of criminal activities in Hungary. This would be followed by the development of a police image, an image with which the organization is able to identify, and one that is accepted by the citizens. But making changes just for the sake of making changes, just because a change in system has taken place, are not needed," the National Police Chief emphasized.

"All of these tasks must be performed in such a manner that criminal activities are prosecuted and public order is protected effectively during the transitional period. For this reason the most important task is to return self-confidence to the police. We must make the police conscious of the fact that a policeman who acts consistently with the law does not represent himself but the power of the state, and that the new government, the interior minister, and the corps of commanders are behind him. On the other hand, there continues to be no need for us to tolerate within our ranks corrupt policemen who violate rights, just in order to protect the honor of the uniform." Szabo also said that all of this cannot take place overnight, even though society has the right to expect to live securely and for order to prevail in public places.

"The criminal situation of our country does not enable us to establish a police force subordinate to autonomous governing bodies. The reinforcement of public order, public security, now demands the concentration of forces. This, however, does not mean that the police

should remove themselves from autonomous governing bodies. According to plans, these governing bodies will have a say in the selection of police leaders, in commenting on and formulating public order within their respective jurisdictions. A good example for this is the filling of leading posts at county police headquarters, which will take place on the basis of competition. Within decisionmaking committees, in addition to representatives of state and social organizations, autonomous governing bodies and independent experts will also find their place. They will decide whether the contestants are professionally suitable to fill the posts of police chiefs."

But even the best plans are worthy only to the extent that they can be realized. In order to make this a reality we need a well prepared, cultured police force. For this reason they are reforming the curriculum of police training schools. They will abandon the political subjects, and the formulation of high-level professional experience will be placed in the forefront. Quite naturally, the police profession must also be made attractive from a financial standpoint, so that as much as possible it does not represent a greater burden, a greater commitment, than other occupations, Szabo said in conclusion.

Pay Raise Pledged

*25000751E Budapest NEPSZABADSAG in Hungarian
21 Jun 90 p 5*

[Article by F. Gy. A.: "Balazs Horvath Says He Does Not Know From Where or How Much, but He Will Raise Policemen's Salaries"]

[Excerpt] [passage omitted] ... Interior Minister Dr. Balazs Horvath said that everywhere in the world policemen are the focal point of attack; the besieged, robbed citizens expect from them an even more firm and harsh attitude, while suspects demand respect of their human rights and regard every step taken by a policeman as a violation of their human rights. For this reason new methods and a new organizational structure will be needed. And since the police are struggling with severe problems with regard to the number of personnel, and investigators and examiners are overburdened, the number of service personnel and their technical equipment must be increased, according to Horvath. It is a fundamental task to render the police career attractive by establishing decent work conditions and opportunities for advancement. From where will we obtain the money for this? In this regard the minister said that he does not want to save money by not giving it to the implementing personnel, although, due to the condition of the state coffers, there is no chance for the time being of fully satisfying the needs.

Horvath also discussed the future relationship between the police and autonomous governmental bodies. As he said, he is no advocate of autonomous police forces, because their establishment would only fragment the existing resources.

During a conference recess, responding to our question, the minister said that he did not know from what resources, and how much, but he wants to provide a pay raise to the police this year....

Secret Surveillance: Maximum Authorized Time Limit To Be Extended

*25000750B Budapest MAI NAP in Hungarian
24 Jun 90 p 5*

[Interview with Gyorgy Muller, Council of Ministers deputy state secretary, by (k. gy.); place and date not given: "Secret Service Law Being Prepared; Spies in Deep Conspiracy; Surveillance Time To Be Tripled"]

[Text] The government will soon propose to the National Assembly amendments to the act that was enacted early this year concerning secret service means and methods. The decision [on the amendments] was finalized at the most recent Council of Ministers meeting.

[k. gy.] What kind of change does the present proposal constitute as compared to what the law provides?

[Muller] The law that regulates secret services activities has a provisional character and provides that the minister of justice may authorize the use of certain means and methods for a 30-day period. According to the proposed amendment this period of time would be extended to 90 days. This decision was made in response to an initiative by the authorities having jurisdiction, because as the experience of the past few months shows: The available 30-day period is not long enough for the secret services to perform their tasks in most instances.

[k. gy.] What does Tivadar Parvy, spokesman for the National Security Office, think about this?

[Muller] I am unable to provide you with specifics concerning the amendment itself, because the obligation to keep secrets also applies to me. But the situation may be understood if I give you one example. One of the functions of the National Security Office is to uncover spies working against Hungary, and to restrict, disrupt, and document their activities. It follows from the nature of the work that this involves a lengthy process, in many instances months and years, because spies work in deep conspiracy, almost without proof. Accordingly, in individual cases 30 days cannot be enough to uncover [these spies]. We have great difficulty in performing the tasks assigned to us in the present, transitional situation.

POLAND

Liberal-Democratic Party Leader on Party Goals, Activities

*90EP0643B Warsaw PRZEGLAD TYGODNIOWY
in Polish No 23, 10 Jun 90 p 8*

[Interview with Piotr Pacholski, Warsaw Branch member of the Liberal-Democratic Party "Independence," by Renata Stasiak; place and date not given: "A Temporary Structure"]

[Text] [Stasiak] To date your party has presented two programs—an ongoing program and a target program. Does this mean that the present situation is temporary in your thinking?

[Pacholski] Yes, because unlike Ms. Szczepkowska, we do not consider 4 June as the date of communism's demise. Our target program, which is based to a significant degree on the 1984 program, is a summary of our vision of the state, the economy and freedom. We consistently opt for privatization, a free market and a state that is, at a minimum, based on liberal-democratic order. We attach special importance to international affairs. Our initial assumption is that the overthrow of communism and the future security of this part of Europe will depend primarily on the solution of nationalities problems. This includes relations between Poland and her neighbors; we recognize the shape of borders. We do not envisage favorable changes in a battle over territories, but in mutual respect for laws and in free economic cooperation. For this reason we have also been working together for several years, for example, in the Ukraine, despite opposition. One manifestation of this is the publication of books and brochures in Ukrainian by the Independence Press.

[Stasiak] The Liberal-Democratic Party "Independence" [L-DP "N"] appeared recently and has taken part in self-governmental elections.

[Pacholski] But only in the Poznan area, where we have a very energetic branch. I do not believe that it would be possible to defy the powerful propaganda at the disposal of the committees which entered the elections using the slogan: "Solidarity Is Here."

[Stasiak] You spoke of a lack of operating funds, but things must not be that bad, since you had enough to organize a congress at the Palace of Culture and Learning.

[Pacholski] Just like everyone else, we received financial and technical aid from the West for a long time, primarily thanks to the efforts of our representatives in France, the FRG, Great Britain and Switzerland. Our representative in Paris is Jozef Darski (once the driving force behind the periodical NIEPODLEGLOSC). Now our major funding comes from publishing activity. We co-organized the congress based on the assumption that such a meeting of the right can help us to consolidate, but the fact that it did not turn out this way...

[Stasiak] Right after the congress, you published a statement reporting on what transpired. Is this statement tantamount to making a disclaimer about the content of the congress?

[Pacholski] No, it is not. The primary reason for publishing the statement was the way most of the newspapers, for example, RZECZPOSPOLITA and GAZETA WYBORCZA, were acting. In their reports on the congress, they used two disinformational methods (whether on purpose or by accident, I do not know). In the first

place, they focused primarily on what went on outside the congress auditorium, on the scuffles. Here a little digression: if, in 1981, the "government" newspapers had described the Solidarity Congress by focusing on the so-called "cigarette war," there would have been an outcry against them as manipulators etc. In the second place, in an attempt to preserve the appearances of objectivism, everything was lumped together into one bag, as though the only thing that happened at the congress was shouting slogans about "real Poles."

[Stasiak] But except for the statement made by Mr. Kwiecinski, your party did not exist at the congress.

[Pacholski] During all of its years of activity in the underground, the L-DP "N" concentrated on the publishing of periodicals, books and brochures. The special nature of underground publishing and informational activity significantly restricted the scope of reception of our ideas and proposals. At the present time we have branches in seven large cities. We cooperate with other political organizations. We came into existence a short time ago and the results will be evident only after some time.

[Stasiak] Why were you so late in appearing?

[Pacholski] That was dictated above all by our unwillingness to sanction in this way a pretense at democracy, freedom and the downfall of communism. Our appearance was followed by our entry into official political life. Now this "life" is even very official—we have a special ministry—but it is completely abnormal and even unhealthy. The Solidarity movement, which has told all concerned that we finally have the hoped-for "agreement," a "national accord," and that this is to be the sine qua non of an auspicious future, is losing everything for which we have struggled.

[Stasiak] You have struggled for democracy, which is now slowly being created, if with some difficulty... Do you consider these attempts to be unproductive?

[Pacholski] I consider democracy to be a method rather than an end. My impression is that "our government, the Sejm, the Senate and Walesa himself" want democracy very much, but something, or someone, is not allowing them to have it. If this is so, the question arises: Where is this something to be found, within the system or outside it? It is hard to give an answer, if one does not take the "nonpresent" element, i.e., the communists, into account. Our program clearly establishes that communism is in a stage of great reform. While it is true that it is undergoing a very deep crisis, it is exactly now that we must battle it with particular consistency, and not cooperate with the communists regardless of the cost. I have the right to maintain, for example, that "our authorities," "long-time oppositionists" are wrong, that they are establishing a disastrous policy, and I have the right to criticize their views and action. But they are, at most, my political opponents, not my enemies in the strict sense of the word.

[Stasiak] But your party stands opposed to Solidarity.

[Pacholski] While martial law was still in effect, the L-DP "N" periodicals and the periodical NIEPODLEGOSC accused the Solidarity leadership of certain actions, out of political and moral obligation. The conviction that whatever stood under the Solidarity banner, under Walesa's name, with the church's support was holy because it was "ours" had become generally accepted.

[Stasiak] In that case, what is your attitude to the present structure?

[Pacholski] The present structure is the result of an agreement between the communists and the politically active part of society. A pluralistic structure has been created which, in giving us certain fields of operation, at the same time is supposed to hide the fact that there are no longer possibilities for conducting a normal political game. They point to the right and the left and say: look—here is Christian Democracy, Social Democracy, the liberals, the greens, the nationalists, the populists—in a word, pluralism and democracy. But in reality it is merely the schematization of the ideological landscape. I only wonder that the behavior of the activists of certain parties, which never cease speaking of the good of society, gives the impression that they see the sense of their activity in the "government's" kind toleration of their views and not in exerting decisive pressure toward bringing about the electoral autonomy of this society.

[Stasiak] Do you have any remedy for this situation?

[Pacholski] In order to achieve something like an authentic political game, a society is needed which has learned to choose among programs and not among symbols. That is why we must battle monopolistic, banner-waving blocs, movements or committees, and our program establishes such actions.

Upper Silesian Union: Parliamentary Role, Minority Group Links Debated

90EP0657A Katowice TRYBUNA ROBOTNICZA
in Polish 18 Jun 90 pp 1-2

[Article by (JAD): "Congress on St. Ann's Hill: Rebuilding Silesian Identity"]

[Text] The Upper Silesian Union wishes to defend the cultural and civilizational values of Upper Silesia which have arisen on Christian soil, to integrate the society of the region around its age-old and its new values, to aim at the harmonious development of the population which lives here. These are its fundamental assumptions. Last Friday and Saturday at the Pilgrims Home on St. Ann's Hill, the First Congress of the union was held. At this congress, a program of work for the coming years was adopted, resolutions were passed and union officials were elected.

The location of the deliberations was no accident. St. Ann's Hill is a symbol of the Polish character of Silesia, but this land has a multicultural face, and so all the

traditions forming the character of Silesia, including the German, the Czech, the Moravian and the Jewish traditions, are important. That is why the placing of flowers at the monument honoring participants in the Silesian Uprising, the prayer of unity for all those who fell in fratricidal struggle on this soil and the common economic blessing were also important. Slask is the "little Fatherland" of all those who think of it in this way.

Thus the existence of cultural diversity and of a search for historic roots, for qualities which for generations have been the mark of Upper Silesian identity—the attachment to Christian traditions and values, the belief in hard work, the importance of the family's role, tolerance and thrift. The Silesian land, its culture and landscape join together all those who live here and treat this region as a place of residence for themselves and their children. Unfortunately, it also yokes them amid the general decline of civilization. Thus, it is necessary to regenerate all the values which constitute the identity of our region. We must think about that which joins together and not that which divides; we must turn toward the future. Upper Silesia should become a place of dialog and of the mutual exchange of values, thoughts and ideas. The current political situation offers an opportunity for this. Thus, stable political borders which are at the same time open wide, are necessary. The civilization and cultural rebuilding of the region of Silesia is also necessary. We must restore ecological stability to it. All this must occur under conditions of the restoration of self-governing status. We have quoted some of the ideas from the heated discussions, which have treated many subjects and have not been without their polemical accents. In these discussions, many of the congress participants raised the issue of creating a sort of "Silesian lobby," which would be important in the examination of Silesia-related issues at the central level. The coming elections to the parliament will be an opportunity for this. The need to create a Silesian intellectual elite, in part through the opening of the Piast University in Opole, was also discussed. The union will work together with the regional organization of Upper Silesians, Kashubians and Podhale natives, with the Polish People's Council in Zaolzie. The union will also talk with national minorities, the German minority and Upper Silesian communities abroad.

Alojzy Pietrzyk, chairman of the Solidarity NSZZ Silesian-Dabrowa Regional Board, extended his best wishes for fruitful activity to the union and he made mention of the preparations for the parliamentary elections. Wojciech Czech, Katowice voivodship governor, one of the union's founders, gave a detailed presentation of the concept for reorganizing the Upper Silesian voivodship, drawing upon historical tradition, as well as the idea of creating regions which would perform certain administrative functions.

At present the Upper Silesian Union numbers approximately 50 circles, the majority of which operate in the Katowice Voivodship. However, it is also developing activity in the Opole Region and in Cieszyn Silesia it has

nearly 3,500 members. More than 400 persons were in attendance at the congress, including many invited guests, representatives of the clergy, deputies and representatives of the government and regional associations. The delegates approved changes in the union statute, as well as a series of organizational determinations. A new board, council and collegial court were elected. Prof. Dr. Andrzej Klasik was elected president of the board, while Jozef Buszman was elected chairman of the council.

Foreign Ministry Appointments: Ambassadorial Nominations, Recalls

90EP0653A Warsaw *POLITYKA* in Polish No 21, 26 May 90 p 8

[Article by Barbara W. Olszewska: "The Cadre Department: Returns From the Outposts"]

[Text] Minister Krzysztof Skubiszewski has recalled 30 ambassadors. Of these, 20 have already completed their diplomatic missions, while 10 are still performing duties and for this reason, in accordance with the accepted custom (the supposition is that the authorities of the country of office have not yet informed them that they have been recalled), the MSZ [Ministry of Foreign Affairs] cannot reveal their names at present.

We already wrote of the changes in ambassadorial positions in Belgium, at the European [Economic] Community in Brussels and in the Soviet Union, Great Britain and Albania in *POLITYKA* No. 5, "Activity at the Embassies." As for other changes, the following are no longer ambassadors:

In Czechoslovakia—Włodzimierz Mokrzyszczak (age 52, previously chairman of the former PZPR CC [Polish United Workers Party Central Committee] Central Party Control Commission). He has been replaced by Jacek Baluch (age 50, Solidarity activist at Jagiellonian University [UJ], studied Polish and Slavic philology at UJ and at Karol University in Prague, has a doctorate in humanistic studies and Slavic literatures, was a Polish and Czech language teacher at the university in Wurzburg in the FRG and most recently an instructor at UJ).

At the Vatican—Jerzy Kuberski (age 60, at the beginning of the 1970's minister of culture, later minister-director of the Office for Religious Affairs, since 1982 head of the Team for Working Contacts Between the PRL Government and the Apostolic See, named ambassador to the Vatican in the fall of last year). He has been replaced by Henryk Kupiszewski (age 63, since 1987 professor at the UW [University of Warsaw] Institute of Ancient Law and Papyrology, studied Roman law at the University in Munster, for 30 years lectured at the Academy of Catholic Theology in Warsaw, author of more than 100 scientific works, member of many societies).

In Libya—Stanislaw Kukuryka (age 62, former minister of construction). Stefan Staniszewski (age 59, formerly

MSZ director of the information department) was appointed new ambassador.

In Morocco—Miroslaw Wojciechowski (age 59, former chairman of the Committee for Radio and Television Affairs). Dr. Krzysztof Sliwinski, deputy editor in chief of *GAZETA WYBORCZA*, who is a candidate for this position, has already passed a hearing at the Sejm Commission of Foreign Affairs successfully. The following journalists are preparing to assume posts in the diplomatic core: Kazimierz Dziewanowski, Jerzy Surdykowski and Wojciech Adamiecki (all in the United States).

The following are recalled ambassadors in whose place new ambassadors have not yet been appointed: In Yugoslavia—Tadeusz Porebski (age 64, former Sejm vice-marshall), in Mongolia—Stanislaw Zaczekowski (age 62, formerly MO [Citizens Militia] commander-in-chief), in Zimbabwe—Miroslaw Dackiewicz (age 40, former deputy director of the PZPR CC department), in China—Marian Wozniak (age 54, former PZPR CC secretary), in Austria—Stanislaw Bejger (age 61, former PZPR KW [Voivodship Committee] first secretary in Gdansk), in Switzerland—Zdzislaw Czeszejko-Sochacki (age 63, lawyer, former chairman of the Supreme Council of Lawyers, former Sejm deputy), in Nicaragua—Bronislaw Wilczak (age 62, formerly MON [Ministry of National Defense] General Staff employee), in Italy—Jozef Wiejacz (age 57, MSZ employee for many years, including director of the Department of Studies and Programs and deputy minister of foreign affairs), in Korea—Mieczyslaw Dedo (age 60, advisor to the minister at MSZ), in Romania—Jerzy Wozniak (age 58, former minister of materials management), in Berlin (head of the Polish Military Mission)—Zygmunt Zielinski (age 65, formerly at the MON General Staff).

Cadre changes in our diplomatic service are not happening as fast as public opinion expected and the situation warrants (it is being said that in many outposts, especially those of former socialist countries, to which people had been sent primarily "for services rendered" nearly the entire staff should be changed). As Minister Skubiszewski has often stressed, the primary reason for delay is the shortage of diplomatic service professionals. Recently, 430 persons applied for service in the MSZ, but more than 100 of these were weeded out in the preliminary eliminations (the lack of knowledge of foreign languages, advanced age). Among those remaining, the 60 who reached the exam stage, fewer than a dozen or so passed the exam. Before becoming diplomats, these will have to serve a year's apprenticeship in the ministry and 9 months of apprenticeship in a foreign country. More than 1,000 persons have applied for the next exam, given in the fall, but most of these are philology graduates, and they are none too young on top of that. The lawyers and economists for whom there is the greatest need (these constitute less than one-fourth of those applying) prefer to work in foreign companies, where the pay is better than in the foreign service. As *GAZETA WYBORCZA* reports, the director of a department at

the MSZ earns over a million zlotys per month, while the average salary at the ministry is several hundred thousand zlotys. An ambassador at an outpost earns up to \$1,500 (except for Japan and Switzerland, where he earns about \$2,000), an advisor and secretary earn from \$800-\$900. Only Romanian diplomats earn less than our diplomats. The Hungarians pay their diplomats twice as much as the Poles.

Approximately 1,000 persons work in Polish diplomatic and consular outposts, while more than 400 work at the MSZ. The issue of the so-called reserve cadre, including those who return from outposts, is still an open question. Up to the present time, they normally continued to be employed full-time until retirement. At the order of the minister of foreign affairs, a draft for reorganizing the ministry has been prepared. This draft includes new principles of cadre policy to be phased in gradually.

Proposed Changes in Police Education Viewed

90EP0625B Warsaw ZYCIE WARSZAWY in Polish
18 May 90 pp 1, 4

[Interview with Col. Leszek Lamparski, commander of the state police by Joanna Krawczyk; place and date not given: "The Climb Has Begun"]

[Text] [Krawczyk] You were not anxious to consent to this interview...

[Lamparski] For we shall necessarily speak in the future tense. What good does it do if I tell you how I envisage the model police officer and how he operates. This has already been done—both in newspaper articles and in speeches made by Sejm deputies. And now we have begun to climb the proverbial stairs. It will be only during the course of the implementation of the so-called police law that police officers' real potential to act will be demonstrated and that the extent to which it is possible to succeed in implementing this model will be shown. We assume that organizational changes themselves will last three months, but please keep in mind that this period will be designated primarily to resolve various formalities. Literally everything must be changed—from transfers through changes in signboards and identification cards, for policemen still carry Citizens Militia identification cards.

[Krawczyk] Please tell us how much this will cost.

[Lamparski] I do not know. We are just now presenting a post-completion cost estimate. The state treasury will pay for the reorganization.

[Krawczyk] Just so it does not have to pay twice. In the parliament it was reported that the law is imperfect and is provisional in nature. The senators determined that it would have to be revised even before it was passed.

[Lamparski] I believe that even if the law is changed or supplemented, the basic organizational concept of the police will not change. Consequently, the money will not be wasted. It is good that the senate resolution says that

it is essential to assess the degree of implementation of the law, for, as I have noted, life itself will show how the law is to be improved and adapted, on the one hand, to real possibilities and, on the other, to society's needs.

[Krawczyk] The continuing legislative process has caused frustration among police officers and very many of them have left the profession. On top of this, the chairman of police trade unions is requiring that those who remain be checked. Are you not afraid that when the reorganization is completed, the cadre shortages will be so enormous that the police will be totally helpless?

[Lamparski] I do not think that in general they will be checked in the literal sense of the word. On the other hand, extensive cadre changes will be made, from the central level to the primary level. Along the way, there will also be evaluations of people, their skill and suitability for the profession. That is the gist of the check. I believe that we will have enough police officers. Many of them have come to believe in their mission to watch over the safety of society. The positive change in attitude toward them has built up their confidence a great deal. The trust of the citizenry in them is also one of the reasons that a large number of people have come forth desiring to work in the police force.

[Krawczyk] But many of them will not apply a second time when they find out how much you propose to pay them.

[Lamparski] My dear lady, you are being melodramatic. True, these wages are not a drawing card, but one must realize that many of the people who apply are people who have come to believe the legends about high militia wages. The average officer's wage maintained at the level of the national average looks like a small amount in the budgetary sphere. But it is a wage that can be counted on, for it is guaranteed by the state. I presume that the implementation of the economic program, which will result in unemployment for many people, will lead to an influx of cadres into the police department. I especially count on young people and on high school and higher education graduates, even those in the humanities.

[Krawczyk] How many years does it take for a student of Polish philology to become a police officer?

[Lamparski] How many years? We have postgraduate schools for those who have a higher education in which studies last 10 years, while for lawyers this period can be shortened to 6 months. If there are many people who wish to work as police officers, then perhaps we shall also shorten the nine month period in noncommissioned officers schools and the three year period in officers schools. The fact that subjects of an indoctrinational nature have been eliminated from the program of studies will also facilitate this.

[Krawczyk] The possibility of training police officers abroad has also been announced. But how will they feel when, having learned modern technology and methods

of operating, they return to the diesel-powered Nyskas they must use to chase criminals?

[Lamparski] Again your talk about money! I cannot promise that the money will be found. I can only guarantee that I shall do everything possible to see that the police officer is better equipped, I shall ask both the government and parliament for this. Moreover, I expect them to be favorably disposed, but we cannot forget that the police, just like education or the health service, must function in a specific economic situation.

[Krawczyk] Perhaps the local self-governments will want to help finance them.

[Lamparski] Perhaps, but it is too early for specifics, since we do not even know what sort of self-governments will be in operation. On the other hand, one thing is certain: the police will have to cooperate closely with them. Moreover, the idea behind reorganization was the maximum decentralization of the police force and its autonomy, but not the elimination of supervision.

[Krawczyk] Militia officers spent an enormous amount of time writing reports and preparing documents. What do you intend to do so that instead of sitting at the typewriter in the police station, police officers will be able to patrol the streets?

[Lamparski] In the very near future, we shall make a thorough analysis of the documentation done by officers. We shall try to reduce this to a minimum. We will not eliminate it, because police work must be documented, since this is also a way of verifying it. For the present we can only dream of shifting to an electronic system and equipping police officers with personal computers.

[Krawczyk] It is difficult to envisage the end of the climb. But please tell us when the police will at least approach that model which has been assigned it by society.

[Lamparski] That is truly hard to predict. It will certainly not happen this year, but we should reach that model within two or three years.

Police Problems: Rising Crime, Recruitment, Finances, Technical Needs

90EP0625A Warsaw RZECZPOSPOLITA in Polish
24 May 90 p 3

[Article by Danuta Frey: "The Police Are Afraid?"]

[Text] Deputy Premier Czeslaw Kiszczak, chairman of the Council of Ministers Coordinating Committee for Law Observance Affairs, opened the 23 May deliberations of the committee by stating that the police must not be afraid to intervene in situations that require it. In order to make that kind of police intervention possible, the right sort of social climate must surround police activities, and we must create a new police image,

improve the cadre situation as far as money and housing are concerned and improve equipment and technical assistance.

The committee met amid a situation in which there is an alarming danger of crime. Last year and during the first quarter of this year, it reached a level unprecedented during the last decade. In 1989, more than 547,500 crimes were reported, of which more than 60 percent (nearly 333,000) were crimes committed against property, primarily theft, theft with a break-in and robberies. During only the first quarter of this year, the number of break-ins into private buildings rose by more than 127 percent overall, while in Warsaw and the Warsaw Voivodship, they increased by 193 percent.

In the opinion of Col. Michal Kaminski, head of the Warsaw Office for Internal Affairs, the threat of crime in Warsaw and the Warsaw Voivodship has grown on an unprecedented scale. Entire regions of the city are threatened; the people there are afraid to go out at night. In the city center, at the Central Train Station, and the Old Town Market Square, specially brought in sub-units of police have waged a real battle of late with the bands ravaging there. At the same time, crime detection is on the decline and the number of policemen is declining. More than one-third of all positions in Warsaw and the Warsaw Voivodship are not filled. There is a shortage of more than 3,000 city-quarter policemen and patrolmen.

According to current predictions it is anticipated that the danger of crime will grow and that crime may assume still more serious forms. As a sort of transitional period, during which we may expect an increase in the number of crimes committed against property, especially theft and break-ins, this year may be an especially bad one.

Thus, the discussion held during the committee deliberations focused on activities which could effectively guard against an increase in the threat of crime. Combatting crimes against property was seen to be a kind of strategic police task for the coming period. Mass campaigns in the regions and quarters of cities especially threatened by crime are needed. Policemen from other voivodships will be moved to Warsaw. Students from police schools and the prevention departments are to be directed into service here. Proposals have been made to introduce the possibility of holding classes in military training as well as the possibility of substituting police force service for military service.

Col. Leszek Lamparski, police commander in chief, made the statement: "We consider the issue of conscription for the police to be a priority one. Young men with at least a secondary school education are needed. Perhaps we shall succeed in finding them among this year's graduates."

Additional financing from budget reserves will be needed: for wages, vehicles (at least 5,000 are needed at present), fuel, telephones, telefaxes and the means of modern criminological technology. In the very near future, when the Security Service is liquidated, the

Warsaw Police Command will obtain technical means. But both apartments and hotel rooms are needed if vacancies are to be filled. The technical condition of many commissariats is deplorable. The police are not equipped—and this means in the technical sense as well—to battle even such phenomena as crimes committed by AIDS victims. The position of the district constable should be strengthened and restored.

The current interministerial programs for preventing and combatting crime have not produced results. Following the self-government elections, local programs prepared and implemented in close cooperation specifically with local self-governments will be needed. The following may prove indispensable: self-defense organizations of various types; cooperation between the police and property protection and detective agencies; extensive campaigns propagating effective methods for guarding against crime. The solid coordination of efforts, founded upon public confidence in the police and the most comprehensive aid possible to guard against and combat crime will also be generally needed.

The report on the crime situation, along with the recommendations emanating from this report is to be presented shortly to the Council of Ministers and (in an abridged version) to the parliament. Four committee teams are also beginning their work: Analyses and Assessments in the Area of Law Observance and Improvement, chaired by Minister of Justice Aleksander Bentkowski; Strengthening Civic Order and Security, chaired by Col. Leszek Lamparski, police commander in chief; National Economic Protection Affairs, chaired by Jerzy Napiorkowski, undersecretary of state in the Ministry of Finance; and the Team for Affairs of Guarding Against Social Pathology and Developing Legal Culture, chaired by Prof. Adam Strzembosz, first deputy minister of justice.

POLITYKA Weekly News Roundup

90EP0687A Warsaw POLITYKA in Polish No 26,
30 Jun 90 p 2

[Excerpts]

National News

A week of lively deliberations. On Wednesday, 20 June 1990, a discussion concerning the report from the conference of representatives of the citizens' clubs, which was held on 17 June, unfolded in the Citizens' Parliamentary Club. Representatives participated from more than 100 committees from all over Poland; there were no invitations; the idea was to federate the movement at the national level, Deputy Henryk Wujec announced. Deputy A. Kern: there are two Citizens' Committees one under Lech Walesa, the other under Henryk Wujec. Deputy S. Niesiolowski: This is not a conflict between Lech Walesa and Tadeusz Mazowiecki but between people of the left and the right. Deputy B. Geremek: the political dispute should be expressed in program differences. The Secretariat formed at the conference on 17

June 1990 is preparing for a gathering of delegates of the Citizens' Committee, two from each voivodship, on 1 July. They are to decide the future of the movement. In turn, Lech Walesa and Zdzislaw Najder (chairman of the Citizens' Committee under L. Walesa) have called a meeting of representatives for 30 June who are to receive a formal mandate for their voivodship organizations. H. Wujec in GAZETA WYBORCZA: "Calling a conference for 30 June reminds one of parades or a game of cops and robbers. It is unfortunate that it is happening at the cost of the citizens' committees and unfortunate that the authority of Lech Walesa is being exploited." Zdzislaw Najder, in the same issue of GAZETA WYBORCZA: "If Geremek and Wujec are to have the committees and not I, then I will open a large party of malcontents and I will take everything I can." In the offices of Solidarity in Gdansk, the chairman L. Walesa, the deputy chairman Lech Kaczynski, the president of the Polish Peasant Party Roman Bartoszcze, the chairman of the National Council of the Polish Peasant Party Roman Jagielski, and the chairman and deputy chairman of the SD Central Committee Aleksander Mackiewicz and Tadeusz Rymaszewicz met. The communique from the "summit" says that the "unusually difficult economic situation of the country, and especially of the rural areas, demands immediate, radical action. . . . The contract concluded at the roundtable is no longer binding. Tendencies to monopolize the Polish political scene are expanding, which in the opinion of the participants threatens the young democracy. The representatives of the Polish Peasant Party and the SD shared Lech Walesa's opinion that there is an urgent need to create systemic guarantees for the development of pluralism in Poland." The communique also expressed concern "at the monopolization of the mass media, especially television, which is giving a false picture of society's desires and preferences." The title of the report in RZECZPOSPOLITA "The Coalition Closes Its Ranks." On Saturday, 23 June 1990, there was a conference of the Center Coalition; a communique which Jacek MaziarSKI read on television, stated that the current system developed at the roundtable is hampering the process of change. The coalition rejects extremism and calls for acceleration "in fully democratic" parliamentary elections, for reorganizing the government, and for the election of a new president who should be Lech Walesa. It declared "a lasting association with Christian, independence, and democratic values." On the day before the conference, there was a meeting of Catholic activists from several groups who had decided that Polish Christian Democrats should have their place in the Center Coalition. In turn, activists of the Warsaw Club of Catholic Intellectuals condemned "using the prestige of the Church in agitation and political struggle." Their declaration says: "Declarations of faithfulness to the Church and readiness to implement its social teachings have been given also by politicians whose programs contain open or concealed contents hardly compatible with the teachings of the Church such as nationalism, antisemitism, intolerance, revenge motives, etc." In Warsaw, the Citizens' Committee under Lech Walesa

met. There were appeals to dissolve the committee from 63 individuals. Concrete decisions are to be made after the next meeting a month from now. [passage omitted]

Premier T. Mazowiecki at a meeting with residents of Szczecin: "The majority of the tasks which are ahead of us today demand an emphasis on getting through the most difficult period, the most painful self-denials together. That demands a broad, democratic consensus and resigning from demagogic auctions of offers."

The Sejm adopted a law on the return of benefits gained improperly at the cost of the state treasury or of other state legal individuals. It is directed against the so-called nomenklatura partnerships. It also adopted a law liquidating the Academy of Social Sciences and ended the so-called law on youth. The chamber elected Prof. Adam Strzembosz (age 60) president of the Supreme Court. The debate concerning the use of police to break blockades of roads by farmers near Mlawa was very lively. Minister J. Kuron, who defended the government's position, admitted that the decision was essential because the law was being broken and there was a threat to the entire transportation system in the country. He blamed the agricultural trade unions who should have defended the interests of the farmers earlier and more effectively. The opponents, chiefly from the Polish Peasant Party, attacked the government's agricultural policy; they also drew attention to a similar threat to transportation in which the police were not used during the strike by the railway workers in Slupsk.

At a press conference, Malgorzata Niezabitowska, the government spokesperson, spoke mostly about the debate with the "accelerators," who are accusing the cabinet of a slow tempo and ineffectiveness. Asked whom she had in mind, M. Niezabitowska named, among others, the Center Coalition, "some people from the Citizens' Committees," and the chairman himself. She announced that by the year 2000 the size of the Polish army will decline by 20 percent and the percentage of young professionals will increase to 46 percent. By the end of 1990, 40 generals and by the end of 1991, 12 more will retire. M. Niezabitowska also declared that in spite of Walesa's meeting with the Polish Peasant Party and the SD changes in the government are not anticipated.

From a survey by the Center For Research on Public Opinion: "68 percent of the respondents said that the differences and disagreements within the former opposition around Walesa "are so large that it is difficult to speak of a united political force"; 53 percent thinks that the phenomenon is bad; 38 percent that it is good. Unity within the former opposition is supported by 42 percent; division according to political program and orientation, by 36 percent.

Alfred Miodowicz invited Lech Walesa, Marian Jurczyk (head of Solidarity '80 of Szczecin), Gabriel Janowski (Solidarity of Individual Farmers), and Janusz Maksymiuk (agricultural circles and organizations) to the

offices of the OPZZ to formulate a joint position on the price increase announced for 1 July 1990: gas by 100 percent, electricity 80 percent, central heating and hot water by 100 percent, postal services by 60 percent, and radio and television fees by 50 percent. Of those invited only Maksymiuk came.

Marcin Zamoyski (age 44), son of the last heir, has become president of Zamosc.

On 25 June 1990, a 500-zloty coin with the visage of Wladyslaw Jagiello went into circulation.

The Association of Polish Journalists has given its annual awards. The main Boleslaw Prus Prizes were given to Hanna Krall for reporting, to Ignacy Rutkiewicz for editing ODRA, and to Boleslaw Wierzbianski for creating and editing NOWY DZIENNIK in New York. Among the other award winners were Janusz Korwin-Mikke, the A. Slonimski prize ("for intellectual stimulation") and "for text of the year" Adam Michnik ("Your President, Our Premier") and Piotr Wierzbicki ("Family, Retinue, Manorial Estate").

Adam Michnik refused to accept his prize. In GAZETA WYBORCZA, he writes: "I declare that I will not accept this award. Antoni Slonimski honored me with his friendship during the last years of his life, when I was his secretary. Slonimski in his writings defended a certain system of humanistic and freedom values. I think that using his name to honor a man who holds values so radically different is a cruel joke on the memory of my dead master."

Who's Who News. Kazimierz Dziewanowski (age 60) has been named Polish ambassador to the United States. A journalist, he first wrote for NOWA WIES and then worked for various publications; recently he wrote for PRZEGLAD POWSZECHNY and TYGODNIK POWSZECHNY. Prof. Stanislaw Kwiatkowski, until recently the head of Public Opinion Research Center, has become head of the Institute GfK Polonia (an incorporated partnership) which will provide quantitative and qualitative market analysis of sales and consumption. Jacek Wozniakowski (age 70), a journalist for TYGODNIK POWSZECHNY, has become president of Krakow; Stanislaw Wyganowski (until recently acting), president of Warsaw. He was the only candidate.

The Polish authorities have refused a Soviet citizen Vasilii Stetsyk (age 34), a lawyer and former militiaman, political asylum. A Byelorussian Aleksander W. and a 23-year-old, Lithuanian resident of Wilno have also asked for asylum.

In the middle of June, the number of unemployed reached 511,000. Reports by the employment offices indicate another 250,000 people will lose their jobs by the end of August. [passage omitted]

Opinions

[passage omitted] *Prof. Dr. Andrzej Tymowski, volunteer political worker:*

(Interview in WPROST 17 June 1990)

[Answer] Minister Kuron admitted that there is no coherent program for social policy. One can run his own household in this way, but not the fates of 40 million.

[Question] Do you think Minister Kuron should offer to resign?

[Answer] Personally, I think that he should never have become minister of labor, wages, and social policy. Kuron would probably be a phenomenally good president of the Polish Red Cross—or an organizer of volunteer groups, but he is not a good minister.

POLITYKA Weekly News Roundup

90EP0706A Warsaw *POLITYKA* in Polish No 27, 7 July 90 p 2

[Excerpts]

National News

[passage omitted] Wojciech Jaruzelski was interviewed by TRYBUNA:

[Answer] I would guard against old mistakes in new guises and against directing one's vision chiefly into the past instead of into the future. I would also not ignore the warnings against intolerance, revenge, neophytes' excessive zealotry, against the deepening of divisions into black-and-white, into friends and enemies. Such divisions can actually help no one and nothing and in the long run can harm everyone.

[Question] It is precisely this to which you cannot agree.

[Answer] I have never been able to accept arrogance, buffoonery, coldness, personal intrigues in which the sense of the overriding social interest gets lost. That obviously does not mean that I have been able effectively to prevent them. I am opposed to the brutalization of manners and of public life; I lament the vulgarization of the language, the poor political manners.

John Paul II has sent letters to President W. Jaruzelski and L. Walesa. The last two recipients published them. The first letter says, among other things: "The changing situation in Poland poses new problems and tasks, sometimes difficult and dangerous ones, for the nation. The present moment demands that this effort to construct a new social community gather around itself all Poles who will build it on the foundation of truth, justice, respect for the integrity of the human person, and mutual love. You have become in the eyes of the nation a kind of personification of those aspirations. I wish you, Premier, that your faith be for you a source of ever newer lights and that it direct your thoughts toward bold solutions." In the letter to L. Walesa, the Pope writes:

"In my daily prayers, I thank God for the great distance our homeland has covered in the last decade, and I say frankly, I also thank Him for you who has been a guide along the way and a point of reference. I also pray with concern for the future of Poland and my countrymen. A difficult past and the distance come have been somehow easier than the tasks that stand before the nation and its leaders. You are a faithful son of the Church and a man of trust. In this spirit, I write these words and wish you new light of inspiration and strength in the service of good and of the unity of our fatherland."

GAZETA WYBORCZA titles a report by the Supreme Chamber of Control presented to the deputies on 20 June 1990 in conjunction with the debate on the report of the Ministry of Internal Affairs on the execution of the budget in 1989—"The Ministry of Internal Affairs Above the Law." [passage omitted]

On 28 June 1990, Deputy Premier Leszek Balcerowicz defended his habilitation thesis titled "Economic Systems: Elements of a Comparative Analysis," which was submitted two years ago at the Social Economics Department of the Main School for Planning and Statistics.

Several hundred farmers occupied the building of the Ministry of Agriculture demanding talks with the government; among the proposals: setting minimal guaranteed prices for agricultural products, increased purchase prices for milk, lower interest rates on loans for farmers. The organizer of this form of protest was the All-Polish Sub-Carpathian Protest Committee of Individual Farmers. It had the support of the organizations of agricultural circles and the Polish Peasant Party. Police forces intervened and removed the protestors from the building.

The National Commission of Solidarity criticized the price increases for electricity, central heating, and hot water. In talks with the government, there were demands for "a detailed plan for social protection for those in the worst economic situation." During the first six months, real wages fell by 35 percent; a decline of 20 percent was planned. The government announced 100 percent indexation in July and a reduction in the tax on excessive wage increases. The increases went into effect on 1 July 1990.

Crime is increasing drastically. RZECZPOSPOLITA reports that "dread rises" from the data reported by the prosecutors. The past year ended with a 50-percent increase in felonies (including burglaries of private dwellings and buildings by 93 percent, nonprivate by 67 percent, robberies by 57 percent, murders by 22 percent, rapes by 17 percent). In 1990, the daily writes, "the phenomenon has intensified into an avalanche." The number of felonies has increased over the first four months in comparison with the same period in 1989 by 114 percent (burglaries of nonprivate buildings 2.5-fold, of private buildings 1.5-fold, the number of robberies by more than 100 percent, murders by 46 percent). Simultaneously, the rate of cases solved is declining. Last year by 18 percent, reaching 55; in 1990, during the first four

months the index fell to 44, and in felony cases, it fell to 38 percent. Warsaw Voivodship is the most dangerous, and there "the rate of crimes solved is horrible."

Father Henryk Jankowski from St. Brygida parish in Gdansk, chaplain to Lech Walesa for many years, has left the Citizens' Committee under the chairman of NSZZ Solidarity. On the motivations for the decision: "I do not identify with any of the sides in the conflict which has appeared within the Committee. My decision is not political. . . . The Committee has become the scene of a sharp political struggle, whose methods abuse our political culture."

Marian Jurczyk, leader of Solidarity '80, has presented an outline of his program in TRYBUNA. "We will reveal the tendencies striving for a continuation of governments by a single-party in Poland and their anti-social character." [passage omitted]

Prices in Pewex stores have increased from 10 to 30 percent on the average, but purchases can be made for zloty at an exchange rate of 8,000 zloty per \$1.

A TRYBUNA reader asks: "If the law on prosecutors prohibits prosecutors from belonging to a party, how is it that prosecutor general A. Bentkowski belongs to the Polish Peasant Party? If according to the order of the premier, state officials cannot belong to a partnership, how is it that Minister A. Paszynski belongs to the Agora partnership?"

The Association of the White Eagle has been registered in Warsaw. Its members care for national monuments. Gen. Pilot Stanislaw Skalski, a hero of the Battle of Britain, was elected president.

The Joint Commission of the government and the episcopate discussed national issues. "It was emphasized that the conflicts arising in various groups should be resolved through mutual understanding without emotions and without resorting to extra-legal methods." The Commission considered it essential "for the state educational facilities to make it possible for all students, whose parents express such a desire, to receive religious instruction."

The Forum of the Democratic Right has been formed in Warsaw. About 100 individuals met at the building of the Pallotine Fathers; they desire "to crystallize a broad conservative-liberal orientation based on Christian-Democratic values." Minister A. Hall participated in the meeting and said that he identifies with the participants. Among those in the coalition group are Minister T. Syryjczyk and Stanislaw Stomma. The contact point for the Forum is ZYCIE WARSZAWY.

Opinions

[passage omitted] Marek Rudnicki, journalist:

(MORZE I ZIEMIA 20-26 June 1990)

"Whom should one believe in seeking an answer to the question of how many were killed in the events of December 1970?"

"It would seem that the most reliable source should be the Archive of the Voivodship Office of Internal Affairs. Before I reached it, I was informed that it was a waste of time, that all the documents there had already been gone through with a fine-toothed comb twice in 1989. Once, by the local functionaries of the Security Service and counterintelligence and a second time after being transferred to Warsaw by specialists there. So prepared, divided into 13 volumes, they were put up on the shelf to await possible curious researchers other than the professionals."

Boleslaw Tejkowski, chairman of the Polish National Party:

(From a declaration printed in TYGODNIK RADOMSKI 20 June 1990)

"The consistent position of the railway workers is an example of the growing resistance of the Polish nation against the economic program dictated by the World Bank and the IMF in the face of the essential interests of Poland.

"The nation wants its own program which in a short time will increase production, halt the decline in living standards, improve living conditions, not allow unemployment, emigration, or sales of our national assets to foreign capital. Given Poland's great material resources, such a program is realistic and essential for the existence and sovereignty of our nation.

"The implementation of such a program requires organizing a national trade union independent of Solidarity and the OPZZ to defend effectively the workers from injustice and exploitation."

Jan Litynski, a deputy of the Citizens' Parliamentary Club:

(Interviewed by Barbara Biegajska, SZTANDAR MŁODYCH 15-17 June 1990)

[Question] The Citizens' Parliamentary Club started out as a monolith. A year has not passed, and the divisions in the eclectic club have become a fact.

[Answer] Thinking that the Citizens' Parliamentary Club is a monolith has been a mistake from the beginning. There are people of various political options, of various schools of thought and experiences in the Citizens' Parliamentary Club. It was formed in order to fight the previous system, and probably everyone was focused on that struggle with the 65-percent, decaying block of the old establishment. But it rather quickly turned out that that 65 percent of the deputies had also been elected. They were not anointed by the party apparatus, and they had to refer to the will of the voters. That changed and crushed them. The Citizens' Parliamentary Club became the group identified with the government and is the

support for the government program. A fissure in the Citizens' Parliamentary Club, however, has opened, and the attitude toward the government is quite varied.

Leszek Miller, secretary general of the Social Democracy of the Republic of Poland:

("Our President, Our Government, Our Opposition," TRYBUNA 23-24 June 1990)

"In addition to the differences, there is one visible, common assumption that should arouse concern for the future of Polish democracy.

"It is an understanding of political pluralism that reserves the right to full, equal participation in public life for forces, which are to be sure various, but which nonetheless all derive from the one, broadly conceived root of Solidarity. In other words, the point seems to be to build a system of changing governments which cover the entire social spectrum and in which there is no place for political forces of a non-Solidarity heritage.

"Thus, not only our president and our government, but also our opposition."

HUNGARY

Soviet Military Investments: Engineer Reveals Past Processes

25000750C Budapest MAI NAP in Hungarian
11 Jun 90 p 7

[Interview with engineer Colonel Kalman Asztalos, deputy chief for construction and placement of the Hungarian Honved Forces, by Ella Bus; place and date not given: "Soviet Military Investments Paid For With Hungarian Money? Super-Secret Code Deciphered"]

[Text] The veil has been lifted from the super-secret documents; data will be provided to the public concerning the following question: On whose order and with what funds were Soviet military objects in Hungary constructed?

Engineer Colonel Kalman Asztalos, deputy chief for construction and placement of the Hungarian Honved Forces, has something to say in this regard.

[Asztalos] I served as chief engineer and later as director of the Public Institutional Investment Enterprise. In other words, I possess reliable data going back for years. It was this enterprise's job to fill the orders placed by the Hungarian and the Soviet armies. We constructed swimming pools, apartments, schools, rocket launching stations, and airfields. The residential construction related to the Debrecen airfield was no secret in those days either, nor is it today. It was a simple transaction.

[Bus] It may have been simple, nevertheless it has never been revealed anywhere: What was constructed for the Soviet troops stationed in Hungary, and with what funds?

[Asztalos] The document concerning residential construction was not super-secret. The book I have in my hand—our enterprise's yearbook—is still super-secret; all of the facilities are listed in it, with accurate data, orders, expenses, and parameters. Our activities were governed by a Hungarian-Soviet agreement signed by Grechko and Geza Revesz in April 1958. They were the defense ministers in those days. The essence of it is that the Soviet troops will pay only leasing fees for the use of Hungarian facilities, and funds used for renewal and maintenance must be regarded as leasing fees. But they did not pay, instead they protected the property—in other words, they did not protect it. It is the latter that creates one of the great disputes.

[Bus] Did the agreement provide prerogatives to the Soviet side?

[Asztalos] The agreement established equality. It also provided for who should pay the costs involved in the new facilities. Yet it appears today that the Hungarians paid for the Soviet investments. The money was transferred through the Hungarian National Bank to the State Technical Development Bank, and the accounts were settled from there. This can be proven. The financial

background of each investment may be traced. But it is only a semblance that these moneys originated from Hungarian sources; in reality the construction was financed by the Soviet side. The only condition was that the builder would not say "no" to the work. The Hungarian side was not placed in a position of dependence, because planning, construction, and warranty work was done in compliance with Hungarian standards.

[Bus] This was at the beginning. And later?

[Asztalos] Only beginning in 1971 was the Hungarian state household burdened with some facilities serving Soviet purposes. Notably: If some area was expropriated to satisfy Soviet interests, the needed money was provided by the Planning Office from the budget, but areas like this did not come under Soviet ownership. The Soviets only used these areas. The Hungarian state remained the owner. The same sources covered the construction of utilities outside the barracks, the industrial railroad track, and road construction. In a number of cases these investments were tied to the civilian infrastructure. The budget provided 100 to 200 million forints for this purpose.

[Bus] Could we rationally utilize what is left to us? What should we do, for example, with a storage facility for bombs, or with apartments at the barracks built according to Soviet standards?

[Asztalos] The apartments were built according to Hungarian standards; the 80 homes attached to the Debrecen airfield have all the comforts, they have two and three rooms—true they have been "lived in" a lot. The question is how the orphaned apartments in the center of the barracks, which are far removed from any settlement, could be used. On the other hand, the airfields could be used perfectly for both passenger and freight traffic. Incidentally, four smaller airfields of the quality of Ferihegy were left to us. We have renewed these in the course of the past 10 years.

* * *

The order for the Debrecen apartments bears the number VA-03176. The super-secret "VA" code stands for "guest unit."

Condition, Continued Deterioration of Soviet Barracks Described

25000753A Budapest NEPSZABADSAG in Hungarian
27 Jun 90 pp 1, 7

[Article by Bela Laszlo Szilagyi: "Barracks Plundered"]

[Text] The Honved Forces are continually taking over military establishments transferred as a result of Soviet troop withdrawals which take place pursuant to this year's agreement between the Soviet Union and Hungary. Plans call for the last Soviet soldier to leave Hungary by the middle of next year.

Last year the transfer of facilities took place in the framework of what the Soviets called "troop reductions." These barracks are located in Gyor, Szombathely, Kecskemet, Baja, Tolna, etc. The Honved Forces usually yielded these facilities to the local councils and to various social organizations. What took place, what has changed during the more than three quarters of a year that has passed since?

Construction of the Gyor, Nadorvaros District Rakoczi (formerly Frigyes) barracks was completed in 1896. The city's populace contributed to the cause of defense with so-called "brick coupons." The barracks were transferred under state ownership after 1945, and in 1957 the people's Army (the [property] manager until then) transferred its rights to the Soviet Army. Ten buildings can be found within the 2.7-hectare area in the heart of the city.

Entering the gate the visitor is presented with a depressing view. On the commander's building—the officers' club around the turn of the century, during the "happy days of peace"—only the absence of windows and doors is conspicuous. Once inside, other things catch one's eye. The magnificent, wrought iron stair rails have disappeared from several places, they have been replaced with machicolations made of welded steel bars. The fresco on the ceiling of the aula has been covered with white caulk, probably done years ago. On the second floor the moist walls soaked with water have released the mortar, and here and there one sees the plain brick wall.

[Council] Executive Committee Secretary Dr. Lajos Kovacs said that they received the area in late March from the Honved Forces. They are allowed to use these facilities pursuant to a government decision, but if sold, two-thirds of the proceeds would have to be paid to the central budget. For this reason they do not want to sell the barracks. The council has no money to renovate the barracks, but it wants to make use of them by all means. They have announced an international competition. Negotiations with an Austrian firm for the establishment of a hotel or an information center are in the advanced stages. They would like to retain the six original buildings of Frigyes Barracks, and declare them historical buildings. They will demolish the remaining buildings that were built by the Soviets.

It has been the longstanding desire of Gyor local patriots to have their own university. To accomplish this they established a foundation for the utilization of the barracks for this purpose. But changing the facilities into a university is not possible these days, because, even according to modest estimates, renovation would consume close to one billion forints. The Austrian firm, which does not want to be named before a contract is signed, would pay for the renovation in lieu of a 30-year lease. In addition they would pay a 20-million-forint annual leasing fee, in schillings. Between November 1989 and March 1990 the Honved Forces guarded the area. Unfortunately they did so rather carelessly, and repairs have had to be made this year already.

At present, two men from the institution which manages and utilizes sequestered state property guard the area. They are equipped with blackjacks and mace. This cannot be a long-term solution either. The goal of the council is to lease the facilities as soon as possible because it does not have enough money to preserve the barracks even in their present condition.

The barracks of the former 11th cavalry division at Szombathely were built in 1889. They were occupied by a Soviet unit immediately after 1945. With some interruptions, it was stationed there until early June of last year. The Ministry of Defense managed these facilities after the transfer. The interministerial committee concerned with this matter made several proposals for their utilization. Three-quarters of a year were spent with long and unproductive debate. These barracks are important to the Szombathely council and to the city's community because the residential area within the military reservation has 241 apartments, built in the 1970's. Based on a decision rendered by the interministerial committee, all but 100 apartments (assigned to the Customs Service and to the Border Guards) in the residential area were transferred to the city by the Honved Forces in early May.

"The condition of the buildings has deteriorated significantly," according to Deputy City Council Chairman Andras Csermely. "We would be telling a lie, however, if we said that the Soviets left the residential buildings in bad shape. We inspected the apartments one week after the Soviet transfer. Many were almost ready to move into. The situation was by all means better than the present condition."

The Honved Forces continue to provide guard duty despite the transfer. Perhaps the council will succeed in reaching an agreement with the Border Guards, also they are concerned "in this business." Reconstruction plans are being prepared at present. According to present urban development concepts, everything should be demolished and a new residential area should be built. The Apaczai Csere Janos Foundation, established at the initiative of the Hungarian Democratic Forum [MDF], would like to see a modern educational center in this place. Both plans may be disputed on several points. Instead of presenting counterarguments we asked the most practical question: What funds could be used for that purpose?

The present council is unable to render a decision in this matter, and the local organizations of the various parties demand that the council should not render a decision. Let the new, autonomous governing body make the decision.

The Rudolf and Ferenc Jozsef Barracks were built toward the end of the 19th Century in Kecskemet. They were among the first to be vacated by the Soviets. The city received the facilities from the Honved Forces in April 1990. They are guarded by a real estate management enterprise which also organizes the temporary

utilization of the facilities. In simple terms: The buildings are being used as a warehouse until a final solution is found. Negotiations with the State Insurance Company for the use of the Ferenc Jozsef Barracks in the form of a professional financial training center are in advanced stages. There are ideas and desires concerning the large area Rudolf Barracks, but specific negotiations have not begun.

The buildings and the areas were transferred into Hungarian hands in rather bad shape. This is of no particular concern to the council, because, as city chief architect Laszlo Oveges says, the next lessor who will use these facilities will have to reconstruct everything. The Kecs-kemet council has no money for the utilization of the area it fought for.

The situation is similar with regard to the remaining transferred facilities. There are only a very few specific ideas and much, much hope. Negotiations and inquiries are taking place. It appears, however, that the end of the case involving transferred real estate is in the rather distant future. According to firm estimates, the damage caused by the delay and negligence thus far amounts to several tens of millions of forints.

Perhaps the Soviet barracks, shooting practice fields, and other facilities to be transferred this year and next year will avoid this fate. At present the parties seated in Parliament compare and debate their perceptions related to this matter. We hope that it will be possible to reach an agreement as soon as possible, and to develop plans for their quick and final use. The situation is deteriorating day after day, and additional millions are being lost.

Details of Defense Minister's News Conference

Soviet Spare Parts Still Needed

25000751D Budapest MAGYAR HIRLAP in Hungarian
21 Jun 90 p 3

[Article by (gaal): "Briefing by Lajos Fur: Dollars for Weapons Received From the Soviets, Beginning in January"]

[Text] "Henceforth Hungary can no longer commit itself to the formulation and implementation of a joint arms development concept in the framework of the Warsaw Pact member countries, as we have been accustomed to. We intend to ensure the national independence of the Hungarian Honved Forces, correspondingly, no Hungarian military units will take part in future joint exercises, and no such exercises will be conducted within the territory of Hungary," Defense Minister Lajos Fur announced yesterday in his introductory press conference.

He further explained that Hungary's new security policy concept must be developed jointly by the government, the Parliament, and the country. The definitive element of the security policy concept must be the idea that the

existence of opposing military blocs must be discontinued as soon as possible, and within that, Hungary must leave the Warsaw Pact in 1991, and the Soviet troops stationed in Hungary must be withdrawn.

The Hungarian Honved Forces are in need of a fundamental change with respect to their armaments and equipment, in order to enforce the surrender of the offensive character thus far regarded as being fundamental, and in order to modernize means which serve exclusively defensive functions, as is stressed in the Hungarian military doctrine. The minister said that beginning on 1 January we will change to dollar-based trade settlement in regard to weapons purchased from the Soviet Union. Part of the equipment of the Hungarian Honved Forces was manufactured in the Soviet Union, and the spare parts supply for these continues to be inconceivable without Soviet deliveries. Nevertheless, small armed units may be equipped with West European armaments in the near future.

Further, we learned that the 35-percent force reduction begun by the Nemeth government and scheduled for completion in mid-1992 is progressing according to plans. During this time the strength of the Honved Forces will drop from 127,000 to 90,000, according to the following breakdown: 25,000 professional officers and noncommissioned officers, 50,000 enlisted men, and about 15,000 civilian employees.

Despite the renewal efforts of the ministry's leaders, the military career is becoming less and less attractive to youth. During the past six months 1,700 officers have requested termination of their employment relationships.

Security Policy, Defense Budget, Personnel

25000751D Budapest NEPSZABADSAG in Hungarian
21 Jun 90 p 5

[Report by Karoly Freesz]

[Excerpts] [passage omitted] The minister said that Hungary's security policy must be adjusted to the changed European situation, by leaving the Warsaw Pact [passage omitted]. The three basic supportive pillars for Hungarian security policy will be the all-European security system; regional cooperation based on the states which participated in the Alpine-Adriatic conference, or on cooperation to be realized with the involvement of Poland, the CSFR, and Hungary; and bilateral agreements to be reached with neighboring countries. Detailed development of this concept may be expected within a month or two. [passage omitted]

Thereafter the minister responded to questions. We learned that this year's military budget will be approximately 40 billion forints; calculations show that the establishment of an exclusively professional army would cost more than the maintenance of an army with enlisted men; no final decision has been reached concerning the integration of the border guards with the Honved Forces;

the institution of the educational officer corps will be discontinued, and social policy officers will deal with the troubles of enlisted men.

Regarding the personnel changes that have taken place in the military leadership, Fur said that the upper level leadership of the ministry has been virtually exchanged, and they are not planning any further radical or mass personnel changes. In conjunction with this topic, NEPSZABADSAG asked the following question:

[NEPSZABADSAG] Last week you retired Deputy Minister, Major General Ferenc Szombathelyi, without offering him a different assignment. Ferenc Szombathelyi is 50 years old, and to our knowledge no professional complaint had arisen regarding his work. Accordingly, what was the reason [for retiring him]?

[Fur] There are two reasons for his retirement. The position he filled in the ministry was discontinued. As we all know, there are no deputy ministers' posts; they established state secretarial posts instead. The other reason is that Szombathelyi's political past has a character which caused the Defense Ministry to want to sever [its relationship with him]. The Defense Ministry desires to symbolize the change in system in terms of its personnel. He was an immediate adviser to Karoly Grosz; he worked for years at party headquarters in the administrative division. All of this suggested to us that he cannot play a role in the new defense leadership.

Conscientious Objectors' Lobby Formed

25000750D Budapest MAI NAP in Hungarian
18 Jun 90 p 6

[Interview with Zoltan Kotas, member of the five-member provisional managing body of the "Alba Circle," the Association of Conscientious Objectors, by (F. Takacs); place and date not given: "Those of Military Age Who Refuse To Serve; An Association Which Would Like To Disband"]

[Text] The chief characteristic of the young man, age 21, is that he refuses to serve in the military. This was a punishable act in the olden days, but an amendment to the defense law last year provided an opportunity to choose more peaceful forms of military duty. Moreover, the young man came to announce that the other day the "Alba Circle," the Association of Conscientious Objectors, had been formed.

[Kotas] Until now conscientious objectors have not had an interest protection community. One or two organizations, like the "Bokor Catholic Basic Community," provided moral support to conscientious objectors, but they are unable to do more than that. This is the void we wish to fill, to represent the interests of persons in the civilian service. We are just about to submit our documents to the Court of Registry, so that we will gain recognition at the recruiting commands, and in the Defense and Labor Affairs Ministries.

[Takacs] Who are the members of the association, and how many of you are there?

[Kotas] About thirty persons appeared at the organizational meeting, virtually all of them from Budapest and Szekesfehervar. This also goes to show that there would be far more of us, but we have not yet reached conscientious objectors who are "hiding out" in other corners of the country. The fact that the offices were not willing to provide information concerning the places where persons on civilian duty serve contributed to this situation. Quite naturally, we are looking forward to hearing from them, and also from those who are just handing in their petitions.

[Takacs] What goal have you established for yourselves?

[Kotas] We regard life without violence as one of the basic human rights, and the idea of general military obligation cannot be reconciled with that. For this reason our long-term goal is the abolition of general military duty, and the evolution of a situation in which Hungary has a professional army. We accept the fact that for the time being there are financial obstacles in the way of this, but we regard the time allotted by Minister Lajos Fur for this purpose—a decade—as too long. In the meantime we would like to be involved in a constructive manner in the gradual approach to the ultimate goal. For this reason we will have specific recommendations in terms of amendments to the defense law. The present legal provisions sound good, but their implementation is terrible. Many of us experience personally just how absurd an idea it was to establish these "committees to examine the conscience." Our greatest desire is to disband! Following the final abolition of obligatory military duty, of course.

Carelessness in Military, Unfair Trial Claimed

25000750E Budapest MAI NAP in Hungarian
22 Jun 90 pp 12-13

[Article by Ella Bus: "Soldier's Death in Peacetime; I Blame Myself; He Did Not Get Even One Year for Taking a Life"]

[Text] Fear is alive in some families. They talk of various stories: Young soldiers die in barracks. I know that the army is a necessary evil and one must count on its existence for quite some time; service as an enlisted man, or in the alternative military service, is the patriotic duty of every healthy 18-year-old. On the other hand, it is the duty of the Honved Forces to return young men to their parents with a wholesome body and soul.

The physical remembrances of a life extinguished stand in the Lipotvaros home. The piano still preserves Zsolt's touch for the last time, no one has opened the piano cover for the past two and a half years. Ever since that time there has been a wake in the house; the globe stands motionless on what was once his desk—he does not travel, not even in his thoughts.

Zsolt Varadi, enlisted man, age 21, died in the barracks at Ercsi. He was shot to death. The barracks commander requested the pronouncement of a "punishment that sets an example," and the Budapest military tribunal did pronounce its judgment. It announced a suspended sentence of one year in prison, and released [the defendant] from the disadvantages of having a criminal background.

The parents regarded the sentence as too mild and turned to the chief military prosecutor. Division Chief Prosecutor Colonel Dr. Ivan Vig took the position that the proceedings had been conducted in a professional and objective manner, and could not say anything different from what the indictment and the judgment had determined, along with his heartfelt sympathy.

Save Me!

"Save me!" Zsolt Varadi uttered in a fading voice lying on the ground while a stream of blood flowed from his thigh. He was waiting for help, but his three buddies ran away, even the one who had fired the shot. According to the indictment there was "no opportunity to provide effective help; the cause of death: injury and loss of blood resulting in nervous shock." K.N. fired the shot at 1605 hours, and Zsolt Varadi died 35 minutes later. A witness let his mother know that the doctor had arrived between 15 and 20 minutes later. According to the official record, he was there within five minutes.... Why did Varadi bleed to death, if that is the case?

"I blame myself for not having done everything for him after his death," his mother, Mrs. Istvan Varadi, says in tears. "It was a peculiar trial; both the prosecutor and the judge showed indifference, as if the extinction of a human life were not at issue. I am being consumed by the thought: Why did I not revolt, why didn't I scream, why not.... I blame myself, I did nothing to obtain a fair judgment on this earth. We were overcome with grief, we did not even realize what was going on at Fo Street. K. and his lawyer invented everything, even the idea that he was not fully competent to stand trial, just so that he could be saved.

"We taught our son to be honest, to love his country, and to be humane. We gave him away, and he was killed as a result of negligence. I constantly recall the words of that high-ranking somebody who made a ceremonious promise to the parents at the time the sons enlisted: They will take good care of them. But the army introduced itself on the first day. The captain accompanying the new recruits got drunk, he shouted at them, and repeatedly made them get on and off the train. They received no food until the next evening after they arrived. Zsolt collapsed in the barracks from hunger."

He Abhorred Violence

"I am hurrying home," he said on his last Sunday. My happy little boy, full of heart, never came home again. Two military officers came to my workplace instead of him. The moment I saw them I instantly knew there was great trouble. I screamed, "what did you do to him," and

the director came out of his office and told me to talk more quietly. Something odd happened to me that afternoon. I kept quiet, I did not say anything even when asked; I sat there pale at my table. And it was at that time that his life was extinguished. Our lives were also extinguished. Our souls emptied, our bodies became wrecked, my husband is ill; our nerves gave out. I look at young people on the street and think that Zsolt was like that. And I become virtually paralyzed, my feet do not move, I just stand there, waiting for something to happen."

His father swallows his tears, he tries to veil his cry, he is silent for long moments, puts the official documents on the table—petitions for a new trial, copies of submissions to the ministry. I do not look at him, I am reading the documents, I give him time before he speaks. Minutes pass, then he starts in a choked tone of voice:

"He was filled with ambition, he had a promising future. He took piano lessons for 12 years, he studied English and Italian, and graduated from the ballet school. He did not pass the entrance exam to the Academy of Music, he was enlisted and there it came to an end. He abhorred violence, wild passions. He was afraid of the army and of weapons. But he learned well how to handle his weapon so that it would not accidentally fire in his hands. And yet he died as a result of a weapon. While his comrade-in-arms with two left hands is not punished and goes to an academy. He will be an educator. The boy is not just clumsy. He sat at the trial with indifference, as if he had not killed. And after sentence was pronounced he had the courage to ask the judge: May he continue with the academy? It is possible that he did not want to kill our son, but if he was unfamiliar with the weapon, if he felt ill, why did he not report that he was unsuited for guard duty? Because he thought only of himself, so that they would not laugh at him."

A witness testified at the hearing: "It bothered me that K. was behind my back, because he had made a mistake before. He and I were fooling around, saying that in the end he would cause some trouble. He was clumsy many times while on duty, he had already had one accident. He was not sure of what he was doing, and he made a mistake when he assembled the machine gun."

Tired in the Guard Tower

On the fatal day, K. N. was assigned the first round of guard duty, but this was the first time for performing armed duty in the guard tower, and not only for him, but for three of his companions. Regardless of how odd this may seem to civilians, the guard zone within the barracks is a so-called war zone; anyone can be shot to death there. Even the commander and the minister are "enemies" unless they know the password. The guard stands alone in the watch tower for hours, he listens to every noise, even a rabbit presents a challenge if he suddenly runs out from under a bush. Twenty-four hours of duty in the wind, in a storm, at night, all alone. This kind of tension is not for people with weak nerves. Terrible

tension. One must shoot if the "enemy" comes ... and the soldier is obliged to use his weapon without delay.

This kind of stress wears down the guard, let alone a person who is not certain about handling his weapon. The bullet flies by its own laws, and in Ercsi it struck a human in the last moments of guard duty. Corporal Zsolt Varadi was struck from behind, because K.N. stepped out of the line behind him, tinkering with his loaded gun. And the weapon fired and hit Zsolt. K. N. made a mistake, but so did his superiors for placing a loaded weapon in his clumsy hands. They sent him on guard duty with an aching foot, without having gotten enough sleep. He did not have a permanent bed; it was taken away while he was on sick pay. He slept in his buddies' beds, alternating.... Prior to guard duty he was on kitchen duty three times; he was up at dawn and washed pots until 0900, and at 1100 he took part in preparations.

According to Section 437 of the service rules, persons on guard duty must be ensured of eight hours of sleep. On the other hand, Private K. was tired, and therefore "experienced an indisposed condition. He was halfway

restricted in conducting himself properly because his infantile personal characteristics and the anxiety prompted by the unknown assignment exerted an effect," according to the psychiatric expert.

The Varadi parents do not understand how an "infantile" person can become a teacher. How could they entrust children to him? At the parents' request the supreme prosecutor registered his protest because the military tribunal suspended K. N.'s prison sentence and relieved K. N. from the disadvantages of having a criminal background. At an open session the Supreme Court rejected the protest because as a result of his fatigue, his neurotic and depressed condition, K. N. was only halfway capable of assessing the danger involved in his action. In its reasoning the court says that Zsolt Varadi was not circumspect either in the course of the changing of guards nor in emptying the weapon.

Consequently, neither the judgment of the court nor the absolution are in violation of law, yet the parents blame themselves, even though other people should ponder this tragedy. When falling in line ... or at the barracks.

CZECHOSLOVAKIA

Dlouhy Views Fear of Economic Crisis, Problems

90CH0240C Prague LIDOVE NOVINY in Czech
13 Jun 90 p 4

[Interview with Vladimir Dlouhy, deputy prime minister in the Federal Government, by Milena Geussova: "On Fear of a Crisis and Pitfalls of Reform"]

[Text] In discussing proof mathematicians talk about requirements that are necessary but not sufficient. About requirements both necessary and sufficient in regard to the economic reform we talked with Vladimir Dlouhy, deputy prime minister in the Federal Government.

[Geussova] Where do you stand in the spectrum of opinions among the formulators of the Czechoslovak economic reform concept?

[Dlouhy] This concept is frequently personified as Klaus's or Komarek's and economists are fitted into these two camps. Of course the reform is not the property of either one, and with time many views were changed and mutually clarified in discussions. The measures which were adopted and the timetable of their being put in effect however constitute no more than laying the basic foundation, creating the necessary conditions; it is not yet a broadly conceived reform. Together with Vaclav Klaus we are convinced that some steps must be taken as quickly as possible or at least initiated. Which they are is rather well known: a restrictive macroeconomic policy, price liberalization, internal convertibility, demonopolization, devolution of state involvement, liberalization of foreign trade, social program. These are the requirements which are necessary, but by no means sufficient.

[Geussova] The timetable of gradual steps seems to me very crowded. Is it because it took so long to make decisions and we must catch up with the slippage? Given the difficulty of some tasks which are to be resolved in very short time for instance by the State Planning Commission of which you are the chairman, the question arises if all this is indeed realistic? In the central bodies the largest percentage of the staff are people who have been working there for years. They did the consolidated measures, they are doing the restructuring, and now they are doing the radical reform. This fact arouses a far greater concern in me than any other reservation about reform.

[Dlouhy] It's by no means as simple as you say. In the apparatus of the central economic authorities as also in enterprise managements you can often find top-notch people. But there are also those of whom you speak: members of a Mafia which is neither the State Security nor the CPCZ [Czechoslovak Communist Party] but rather those who are wedded to economic privilege and power. It is essentially a bureaucratic Mafia which keeps holding the fort and lets nothing trickle down with which it does not agree, which disturbs its ingrained stereotypes

and could lead to a loss of its status. It is preparing for even worse times. Here we are not helped by any disputes about the substance of reform, there is no more time for that. We must lay aside general declarations and press for concrete measures—give support to capable people in the apparatus and also the enterprises, break up the wide circles of local interests and "press" into life a number of reform steps already adopted and correct so as to move them into areas where they already awaited with impatience. The problems of private enterprise and our own hesitation in this regard are a very good example.

On the other hand, I never personally favored mass recall of directors only because they had climbed upward on the cadre ladder. It is because I am convinced that many top managers after years of work have become people in their right place whether we like it or not, and frequently we have no replacement for them. I believe that in actual practice, in the enterprises, it has already become understood that we are serious, that this is not one of the reforms they had survived many times before. They know that harder life is awaiting them and are trying to delay its arrival by whatever means they can; this is a wholly natural behavior. We have begun by creating general systemic conditions, we issue information about them in advance just as we will inform about next year's conditions. Already now they can know the prices of inputs and other data to a substantial and sufficient degree, they can figure, decide, effect changes, seek new programs. Any director who cannot do that has no business staying in his place.

[Geussova] In LIDOVE NOVINY we offer space also to opinions which do not agree with the adopted concept of economic reform. For instance an article by Professor Milan Matejka of the College of Economics warned against the possibility of a deep economic crisis caused by a restrictive financial policy. Could you formulate your own view, even at the risk of some oversimplification?

[Dlouhy] Professor Matejka threatens us with an economic crisis, Director Gregr from Desta Decin informs us forcefully that we will not be able to build economic growth on the ruins of enterprises. In my turn, I'd like to draw attention forcefully to two things. First, we are very well aware of all these problems. Second, not one of the critics offers a constructive program. One of the main features of the central planning system was attempting to determine from the center, without a market or prices, those branches, production lines as well as enterprises which should be supported and which should not; we know how that ended up. The only criterion for selecting is a corresponding price system, which we will not obtain by any means other than liberalization of prices and opening the way for foreign competition; these are the two absolutely essential conditions behind which we stand. The notion that first we create competition in our country, raise efficiency, productivity and competitiveness, and only afterward liberalize prices and exchange

rates, is a fiction leading us right back to central planning: give the means (that is above all money) to those who are capable (as for instance Desta Decin) and you shall see what we can do. Perhaps Desta would be able to pull it off because it is a good enterprise with a good director, but there is not and will not be a general criterion for distributing resources from the center. The only way today is price liberalization which of course will lead to inflationary pressures; so we were compelled—as an absolutely basic, opening step—to adopt a restrictive money and budgetary policy.

I am not worried about short-term stagnation if it does not increase imbalance in the economy and if it is accompanied by cutbacks in clearly inefficient production lines; here I believe Professor Matejka is plainly mistaken. More complicated is the situation, mainly in regard to finances, of the individual enterprises. After evaluating the provisional budget and the first two months of the new budget we do see some indications that the financial as well as budgetary restrictions are missing their target somewhat. This even when all seems in order from the point of view of meeting the budget's cash-flow targets and adhering to the currency plan. So far the macroeconomic restriction has led to only one thing, that is infusing less money into the economy, but the desired selective effect is not there. Enterprises, even the least efficient ones, operate without much change even under restrictive measures; they pay wages even though they are becoming increasingly illiquid, they increase their internal as well as external debt, they draw resources on the basis of the past credit policies on which we are unable to have sufficient impact even with the present restriction.

So a mere macroeconomic restriction will not do the job. We must quickly start processes which will at the same time lead to a shifting of resources, primarily financial, away from inefficient enterprises wherever there is no prospect for genuine economic growth. This is what in market economies sustains the financial and capital market, which in turn depends on prices (including specific prices—interest rates). But I believe that in our condition we have to start these processes by way of linking up the banking system, primarily commercial banks, with the enterprise sphere. Of course the enterprises are naturally ingenious: so for instance now we see heavy inter-enterprise indebtedness when two enterprises are unable to pay each other but they protect one another from bankruptcy. We must force bankruptcy in cases where it is justified and by appropriate reallocation place financial resources effectively, develop production lines with long range prospects, create new job opportunities. In general terms, with the present restraint on aggregate demand we must provide a suitable stimulus also to expansion of the economy's supply side.

The truth is that as long as we remain unable to do so, the restriction will not achieve even the expected very low growth, there will be no profit and thus we won't meet the budget's revenue targets. Therefore the state must establish its priorities: In the first place it is what I call

the "infrastructures of reform"—telecommunications, transport, banking, and financial services, selected fields in other branches of services as well as industry. Here I put my faith in an accelerated formulation of development programs which will resolve the most pressing problems: an energy program including also ecological aspects, restructuring the metallurgical and engineering industries. This is something we must work on with the greatest possible speed and take advantage of all offers of foreign development aid.

[Geussova] Privatization, demonopolization, price liberalization—these are the terms one hears so often. Do we have the right understanding of their content?

[Dlouhy] Privatization has suddenly become a widely debated topic in our country. We began to talk about it in ways which were not always well-chosen. The impression arose that it will be some sort of an action rather than a process, that we will distribute some coupons, people become stockholders, some stock will be sold abroad, and a new economic climate will come about quickly and painlessly. It would be my wish that someone find a single method how to privatize our economy. But reality will most likely be quite different. Aside from the case of assets serving public interest which will remain in state ownership, the basic opening must be a process of reducing state involvement [odstatneni]—that is, converting the great majority of the present state enterprises into the form of state joint-stock companies controlled by boards of directors. This alone will be laborious enough, but I believe it will bring the first signs of a genuinely competitive environment and also of managerial behavior. The actual privatization will follow only gradually as a long-term process which may take as much as 10 years; how to proceed in this matter is still subject to wide debate. Moreover we owe a great debt to small-scale private enterprise. Here maximum assistance is called for: access not only to bank credit but also to materials, tax advantages, hiring of employees, freedom in setting prices, the issue is also paring down wage regulation. On the other hand we must also realize that nowadays everyone believes that exactly he will be the one to grow rich in private enterprise and fails to understand that private enterprise entails above all competition and risk and we do not seem overly prepared for failure and bankruptcies.

One problem which we cannot avoid facing and which marks a sensitive spot is the issue of foreign capital. We must brace ourselves against a chaotic foreign privatization with the danger of a cheap outflow abroad of our national wealth. But if we wait until domestic privatization is completed even if only in a few sectors of the economy, we will needlessly block the inflow of foreign capital. Here too the center may play an important role in the transitional period, especially by defining precise rules for foreign privatization in the form of legislation on direct foreign investment and in some ways guiding foreign investment to areas of state interest, that is, essentially conforming to the principles of the state's structural policy.

[Geussova] People are afraid that come 1 January the monopoly enterprises will shamelessly jack up prices and that all of us will pay for liberalizing prices without an existing market. But you have opted for this way; does it then mean you believe it is realistic?

[Dlouhy] There is no way to build a competitive environment without liberalizing prices and market. Liberalization creates inflationary pressures which are capped by macroeconomic restriction and a gradual emergence of competition. It is to some extent a closed circle; things will not move ahead without inflation. But the issue is to make it acceptable, socially manageable, to ensure that it will not seriously undermine the public's social certainties. I am convinced that we are capable of keeping it within reasonable limits, among other things also by effective stimulation of the economy's supply side. And of course I believe that the strategy we adopted is realistic, but in no way do I want to assert that it will be a painless process. Rather on the contrary, but there is simply no other way.

[Geussova] How do you see the future of the State Planning Commission and other central bodies?

[Dlouhy] We are abolishing central planning in its past form. But we must return the original significance to planning and strategy within and between enterprises, as also to standard development strategies in selected areas. The issue is not how much to produce of what but rather the overall orientation, financing, investment, all this in new systemic conditions. Enterprises must do genuine forecasting, assemble their own prognoses, count costs, calculate. They must learn it because we are working with people we have, we cannot manufacture new ones. Nor will we move ahead without having a concept for the main branches and we should have already developed it.

I think we should not hesitate much longer over setting up economic ministries on both the federal and republican level. I also believe that there ought to be some small committee attached to the Federal Government for economic strategy or strategic development headed by a state secretary. What should become the most important institutions in the economy would be formed by a functioning quadrangle consisting of an independent central bank, the Finance Ministry, the Economics Ministry, and the Ministry of Labor and Social Affairs.

[Geussova] Minister Klaus described as one of the dangers for economic reform tendencies concerning constitutional arrangements as they are being pressed by the Czech and Slovak Governments. What is your opinion?

[Dlouhy] I wouldn't dramatize it to that extent but we are feeling tremendous pressure. The Czech and Slovak Governments both are claiming to have a say on political, economic, social and cultural matters, everywhere. It is quite natural, but we should not accept the opposite extreme, meaning that the republics would handle everything completely on their own. It is my view that not only the finances and currency but also the industrial

policy having an impact nationally (energetics, metallurgy, today's heavy engineering) should be handled on the federal level. I regard the idea of Czech and Slovak statehood as a correct one, but the decisive thing is that the republican governments and the entire hierarchy below them down to the local authorities stop debating these matters and instead quickly clarify the extent of their powers with the new Federal Government and just get down to work on their own development programs. But at the same time both governments must recognize that with greater powers they must also assume equally greater responsibilities.

[Geussova] How do you view the usefulness of a wide public discussion of economic laws and regulations or—as used to be said—discussing it with the working people?

[Dlouhy] In the world an economic program is usually tied up with the election cycle, that is, connected with a party or coalition. That party or coalition does not usually offer it to the "working people" for a wide discussion; it is prepared by experts and the government then simply puts it into effect. Democratic control over the working of the program is then assured by the parliament and the plurality of political parties. If the government is not doing well it is usually seen clearly within two or four years and in a subsequent election the people vote for someone else. In democratic countries there are also other ways to express lack of confidence in the government.

I believe that here too within the next two years people will recognize whether the government is doing well or not. For now we are in a peculiar situation. Our democracy is suffering from a number of infantile diseases. Political parties are earning their spurs on the government's mistakes. We are faced with a very difficult period, socially difficult. The government must push through its basic intentions even despite these difficulties. If it fails to do so, political parties which form the government majority will probably lose votes in the next elections. On the other hand, when the government receives a mandate in these elections, it mustn't pay much heed to critics and firmly stand behind its policy.

Law on Income Tax Summarized

90CH0164C Prague HOSPODARSKE NOVINY
in Czech 11 May 90 p 4

[Article by Eng. Vladimira Batulkova, Federal Ministry of Finance: "Law on Income Tax"]

[Text] The basic legal regulation of the income tax was effected in Law No. 157/1989 of the Collection [of CSSR Laws], which came into force on 1 January of this year. Although, within the framework of the economic reform, it is expected that the entire Czechoslovak tax system will be restructured, and will come into force no later than the beginning of 1993, it was necessary to make essential amendments to the law immediately, and this was done through Law No. 108/1990, which primarily:

- increases the number of taxpayers by including citizens who transact their business according to the Law on Private Enterprise by Citizens, and who will be entered in the enterprise register;
- uses more objective methods to tax the commercial activities of partnership organizations and their enterprises and business facilities.

According to Law No. 105/1990 Sb. on Private Enterprise by Citizens, all provisions in the legal regulations on the rights and obligations of Czechoslovak legal entities basically apply to all entrepreneurs entered in the enterprise register. The law which amends and completes the Law on Income Tax is also based on these provisions. In this sense, the number of taxpayers of tax applied to incomes and taxes applied to wages has been increased due to the inclusion of domestic as well as foreign private entrepreneurs.

For these taxpayers, the law stipulates the same conditions as are applicable to analogous organizations in regard to the taxing unit, tax base, rates, or tax rebates stipulated by law for taxes applied to incomes and taxes applied to wages. This shows that the taxing unit for the income tax of these taxpayers is their total entrepreneurial activity and the income from it. The income tax base is the profit from the activities that form the taxing unit determined in the accounting, increased or decreased by the estimated items (Section 4 of Law No. 157/1989 Sb.). The income tax rate for inland taxpayers is equal to 20 percent of the tax base up to 200,000 Kcs and 55 percent of any amount in excess of this, whereby the rebates for services (Section 6, para. 1 of Law No. 157/1989 Sb.) apply to these taxpayers. For those inland taxpayers who will primarily be providing services in public food supply and housing, the rate is set according to a sliding scale (Section 5, para. 1, h of Law No. 157/1989 Sb.). For taxpayers domiciled abroad there is a uniform income tax rate of 40 percent.

Private entrepreneurs, who will not be entered in the enterprise register, will be taxed according to the Law on Citizens' Income Taxes, which will be up for debate by the Federal Assembly in the near future.

Inland entrepreneurs, who have been entered in the enterprise register, will pay the tax applied to wages, which is based on the volume of paid wages. The general rate for this tax is 50 percent; the rate is 20 percent from wages for services enumerated in the instructions on procedure (supplement to Ruling No. 193/1989 Sb.).

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wages for services enumerated in the instructions on procedure (supplement to Ruling No. 193/1989 Sb.).

Tax exemptions for political parties, movements, and their enterprises and business facilities will be revoked already for the 1990 tax period, mainly because there is a great difference in the scope of their business activities, and the income from operations varies greatly among the individual political parties, and therefore their advantages from tax exemptions also vary greatly. By eliminating these "indirect" benefits from the state budget, the relation between them and the state will become more "transparent."

Tax exemptions for all public organizations, including their enterprises and business facilities (with the exception of the enterprise Sazka and the enterprise ensuring selective recreation) will be revoked as of 1 January 1991.

These measures were necessary to create a uniform economic environment. It is not possible to introduce strict budgetary limitations on the one hand, and to assure public organizations of untaxable income resulting from the unlimited expansion of their business activities, on the other hand.

Effective as of 1 January 1991, the amended law on income tax will also regulate the definition of permanent commercial activity, which is the taxing unit for income taxes of public organizations, whereby it raises the limit of untaxed incomes from 250,000 Kcs to 500,000 Kcs and, simultaneously, it eliminates the definition of supplementary activities, the incomes from which were not taxed. These measures will simplify calculating income tax for public organizations and will also simplify the administration of the income tax.

A further change concerns the income tax rate for enterprises with foreign participation. As of 1 January 1991, the more advantageous income tax rate of 40 percent will apply only to those enterprises which have a minimum of 30 percent of foreign participation.

Law on Cooperatives Explained

90CH0223B Bratislava NARODNA OBRODA in Slovak
8 Jun 90 p 12

[Report on Cooperatives in NARODNA OBRODA: "Supplementary Report to the Law on Housing, Consumer, Production, and Other Cooperatives"]

[Text] Bratislava (NO)—At the end of last week we printed the Law on Housing, Consumer, Production, and Other Cooperatives. Since it concerns serious problems that affect the interests of nearly all citizens, we are providing additional information on the Law to clarify the supplementary report.

I. General Part

The draft of the Law on Housing, Consumer, Production, and Other Cooperatives takes into account the

changed constitutional and political situation executed by Law No. 135/1989 Zb. [Collection of CSSR Laws], and is based on further suggested amendments to the constitution and constitutional law of the Czech and Slovak Federation. It removes the distortions, which occurred gradually in Czechoslovak cooperatives during the last forty years, primarily in the sphere of ownership relations and the freedom of cooperative enterprise. Based on this, it also removes the substance and structure of the cooperatives' administrative and directive management, primarily realized through cooperative unions; this is why the status and activities of former unions are being thoroughly and consistently changed into interest organizations. The legal existence of the Central Council of cooperatives will also be annulled, and it will similarly be changed into a voluntary union of cooperatives' interest organizations.

The focus of the Law and most of its contents consist in regulating the legal relations of the cooperatives. The draft provides the necessary legal prerequisites to truly assert democratic principles in establishing (cancelling) the activities and association of cooperatives. Only when absolutely necessary, does the draft include regulations permitting various forms of association or realization of the cooperatives' founding initiative.

A cooperative may be created through the association of at least five physical persons, in which case there is no need to advise the state or cooperative agencies of this. After all legal procedures have been complied with, the cooperative will be established on the date it is entered in the enterprise register. In other words, room has been made for citizens' initiatives to establish cooperatives without administrative barriers. The draft of the Law also permits legal entities to become members of a cooperative.

In the interest of strengthening the membership and ownership relations between the member and the cooperative, the suggestion has been made to permit additional property interest (by investing financial or other assets) which would simultaneously increase the member's interest in the results of the cooperative's activities through his sharing in the profits. It has been suggested that specific regulation be included in the bylaws.

This concerns the suggested manner of distribution of the surplus after a discontinued cooperative has been liquidated. It has been suggested that, if a cooperative was established before 1 July 1988, the portion remaining after it has settled with the state, the creditors, and the members should be given to the community where the cooperative operated. If the cooperative was established after the given date, it has been suggested that the possible surplus after liquidation should be distributed among the members of the cooperative, and thus the property relations between the cooperative and the member would be strengthened. The reason for this

differentiation is the difference in the economic conditions under which these new cooperatives were established and developed their commercial activity.

In regard to the regulation of internal relations within a cooperative, the draft is designed in such a way that it largely includes regulations of a practical and not theoretical nature. The aim is to substantially strengthen the direct influence of members in resolving these relations, and thus to emphasize the significance of the cooperative's rules as the fundamental internal cooperative standards that express the needs and interests of the cooperative and its members; however, it must not be in conflict with the law. For instance, it concerns the conditions for membership, the rights and obligations of the members, their assets in the cooperative including the manner and the extent of the liability of the member, the manner in which the agencies and directors are elected, the regulation of additional cases of incompatible functions, and the status and tasks of the director, resp. manager, etc.

The draft of the legal regulation of the system of group and elected offices of the cooperative is based on the proven traditions consistent with the international cooperative principles. It also creates the necessary conditions for flexible adaptation of the make-up of agencies and their activities, according to their specific conditions and needs, in the bylaws of the cooperative.

To improve conditions for entrepreneurial activity, it has been suggested—in contrast to the former situation—that the general description of the commercial activity of individual kinds of cooperatives be omitted, and a more detailed description of these activities be given in order to permit a combination of different types of commercial activity in any kind of cooperative and thus eliminate any departmentalism inhibiting entrepreneurial initiative. Furthermore, the draft explicitly enables the participation of cooperative organizations in other forms of enterprise.

In contrast to the present situation, the draft does not include more detailed regulations on establishing joint enterprises or interest associations without legal status, since such regulations will be dealt with in detail in the Amendment to the Commercial Code and will enable the association of various entities.

The new Law on Housing, Consumer, Production, and Other cooperatives makes no financial demands on the state budget, or the budgets of the republics or national committees. The execution of the Law will not require an increase in the labor force.

II Special Part

To Sections 1-3

The provisions in Section 1 explain the objective of the Law, both positively (para. 1) and negatively (para. 2), in order to prevent possible contradictory opinions on this matter.

A cooperative is described as being the voluntary association of members—physical persons—not only in joint commercial and other activities but also to satisfy and support their interests (e.g., the social sphere, cultural activities, etc.).

The member's duty to make decisions, directly or through the elected agencies, within the limits stipulated by the legal regulations and the bylaws of the cooperative have been emphasized.

In contrast to the former regulation, the cooperation of the national committee and the cooperative unions is not required. In all areas, room has been made for the initiative of the citizens to establish cooperatives, and the former administrative obstacles, which had a negative effect on the general process of establishing a cooperative, have been removed.

Cooperatives attain legal status by being entered into the enterprise register and being allocated an identification number.

To Section 4

The bylaws of the cooperative remain the most important internal cooperative regulations. They are approved by the highest agency of the cooperative. The Law mandates the matters that must be regulated by the bylaws. Regulation of the bylaws is to be expected in the further dispositional provisions of the draft law (e.g., Sections 15, 16, 17, 18, etc.).

To Sections 5-6

The assets of the cooperative and its resources have been described in the provisions of Section 5, and the business transactions of the cooperative, with emphasis on the fulfillment of obligations toward the state budget and the independence of the cooperative in respect to assets, are described in Section 6.

In the interest of strengthening membership relations, the suggestion has been made that additional property interest (by investing financial or other assets) be permitted, and it is assumed that the members will have a share in the profits. A similar aim has been pursued in allowing cooperatives to issue bonds.

To Sections 7-13

When compared with the former regulations, no substantial changes have been made in the reasons for discontinuing a cooperative; the provisions in Section 7, para. 4 remove a gap in the former law by handing the authority to rule on the discontinuance of a cooperative to the courts if the cooperative defaults on the basic obligations set by the law through its business transactions or activities. According to the Law, a cooperative will be discontinued if the number of its members falls below five physical persons.

Furthermore, the Law includes necessary regulations on the liquidation of cooperatives. This concerns the distribution of the surplus after liquidation once all obligations to the state budget, members, and other entities have been settled; the Law distinguishes between cooperatives established after 1 July 1988 (i.e., while Law No. 94/1988 Zb. was in force), and cooperatives that were established before. In the older cooperatives, the surplus after liquidation will go to improve the community where they conducted their operations, in the newer cooperatives, it will be distributed among the members according to the bylaws in order to strengthen the property relations between the cooperative and the member and to increase the members' interest in the results of the commercial activity.

To Sections 14-22

In the legal regulation of the composition of the cooperatives' agencies, the draft law is based on proven long-standing cooperative traditions, primarily in the sense that they are created by three basic types of agency, i.e., by the highest agency (member's meeting—general meeting, resp. a meeting or conference of delegates), the executive and statutory agency (the managing committee), and the controlling agency (control commission). On the basis of the bylaws, it will be possible to create additional agencies according to the needs of the cooperative. It is also left to the bylaws to determine the manner in which the directors, resp. deputy directors, of the cooperative will be elected. The Law allows a simple composition of agencies in small cooperatives (cooperatives with less than thirty members), where the director of the cooperative will be the statutory agent.

In the legal regulation of the composition of the group and elected agencies of the cooperative—in contrast to the former situation—it has been suggested that the overall activity of the highest agency of the cooperative should not be regulated and only his exclusive activities should be expressed in the law (and the others left to the bylaws). Apart from this, the universal control activity (annulled by Law No. 94/1988 Zb.) should be returned to the control commission, in accordance with the traditions of the cooperatives. Simultaneously, it should be left to the bylaws to determine whether the director should organize and direct the day-to-day operations or not, and thus enable a differentiated solution in the bylaws, depending on the conditions and needs of the cooperatives, possibly making use of the office of the manager (the creation of which the law explicitly allows) in order to increase professionalism in the management of the entrepreneurial activity. The legal regulation of specific agencies has been included in the provisions of Part Seven (Section 40ff.). For further justification see "To Section 40"ff.

To Sections 23-32

The conditions for becoming a member are stipulated in the Law or in the bylaws. The new law stipulates that a

physical person, who has finished his compulsory education and is at least fifteen years old, may become a member of a cooperative if the membership includes a working relationship.

Membership starts when the competent cooperative agency, which will be the managing committee unless the bylaws stipulate another agency, accepts the application; if a working relationship is part of the membership, the contract on conditions of work must be included in the application for membership.

The draft law retains the former concept, that in those cooperatives, where a working relationship is part of the membership, these relations should be regulated by the Labor Code; however, there are some differences and exceptions (Section 32), justified by the specific content of the membership. For the above-mentioned reasons, there are also different concepts on regulating membership cancellation. If the membership also includes a working relationship, the appropriate provisions of the Labor Code apply. In other cases, membership cancellation will be regulated directly by this law; if a member is expelled, his interests are now better protected, in that he can appeal to the courts for a review of the decision.

To Sections 33-35

These provisions include general regulations for cooperative association between various legal entities for the purpose of commercial cooperation (with reference to the appropriate legal regulations), as well as the regulation of interest associations of cooperatives and their interest organizations. The provisions have basically been drafted in a new way, expressing the full freedom of the cooperatives, and the interest organizations created by them, in deciding about their association. The Law completely eliminates any kind of administrative or similar intervention of interest organizations into the activities of the cooperatives, and even these organizations will conduct their activities according to the decisions of their members. In other words, the Law will not include explicit provisions on the activity or authority of the unions, resp. other interest organizations in their relations to the cooperatives.

To Sections 36-37

The Law regulates the legal relations of a cooperative enterprise founded by a single cooperative organization (by a cooperative, or interest organization), primarily the items mentioned in the foundation charter, the management of the enterprise, and the property relations between the cooperative enterprise and the founder.

To Sections 38-39

The suggested amendment to the Law dealing with the relations between the cooperative and the state is based on free enterprise on the one hand, and the option of the state to influence the activities of the cooperatives on the other hand. However, this option is only limited by the contents and in the manner stipulated in the universally

binding legal regulations. All provisions of state agencies, which have no support in the universally binding regulations, are legally invalid in respect to the cooperative. The draft law also assumes help by the state to cooperatives if important society-wide interests are resolved through their activities.

To Sections 40-44

The draft law explicitly permits a legal entity to be a member of a cooperative, as long as the bylaws permit it.

Furthermore, the law includes the regulation of inevitable specifics for individual types of cooperatives, in the following matters:

- membership cancellation, resp. the transfer of membership rights and obligations in apartment building cooperatives;
- the obligatory establishment of a commission to take care of the members in cooperative's where a working relationship is a part of the membership (union agencies are not active in these cooperatives);
- optionally to create committees in cooperatives with more than 5,000 members, so as to safeguard some assignments of the highest agency of the cooperative between sessions.

The law regulates the acceptance of workers into a legal working relationship in the cooperatives, and where membership does not include a working relationship, emphasis has been laid on making use of their activities and cooperation with the agency of the trade union. Simultaneously, in cooperatives where membership also includes a working relationship, it permits the employment of workers in a working relationship or on the basis of agreements on work performed outside the working relationship if this is allowed by the bylaws.

To Sections 45-50

The joint, temporary, and final provisions primarily deal with the question of a member's resignation from his office, and the resolution of conflicts between the members and the cooperative in respect to memberships without a working relationship.

These provisions also stipulate the obligation to regulate the bylaws of cooperatives and interest organizations, statutes, founding charter, or contracts on establishing a cooperative enterprise in accordance with this law.

In the interest of correcting the undesirable state that resulted from cooperative mergers, which were regularly ordered from above, the suggestion has been made that up to 30 June 1991 a group of former (merged) cooperatives may suggest that the member's meeting, or possibly they themselves, remove members, assets, and activities in order to found a new cooperative.

Caption to photo: Chorvatske Rameno, will you ever live again? Photo: NO—Peter Fucek

Private Enterprise Pay Under Employment Law Clarified

90CH0242B Bratislava ROLNICKE NOVINY in Slovak
13 Jun 90 p 5

[Text] With increasing frequency we are asked by readers how persons employed by a private entrepreneur are to be paid. In an effort to offer them at least some general information, the following reflects certain principles from a new decree on remunerating these employees.

Subsequent to the law on citizen private enterprise, the Federal Ministry of Labor and Social Affairs issued a decree dated 28 April 1990 on remunerating workers employed in citizen private enterprise. The decree became effective on 1 May 1990 and will be published, along with the Citizen Private Enterprise Act also taking effect on 1 May 1990, in the CSFR's Collection of Laws.

The decree regulates remuneration of workers holding a job in an enterprise with usually fewer than 200 employees. Experience with pay in state enterprises has shown that for wages paid by small enterprises with frequent employee turnover it is more appropriate to apply simpler wage regulations. Small and thus also private enterprises are better served especially by a smaller number of scales classifying individual jobs, trades and technical-economic positions based on standards of work complexity, responsibility and degree of strain. The decree covers both technical-economic personnel and laborers. In its Section 13 the decree lists six tariff scales; scales I to IV include both laborer classifications and technical-economic personnel, while scales V and VI cover the positions of a professional [samo-statny] technical-economic expert and manager (trustee). In the interest of clarity the decree includes a supplement listing separately the distinguishing standards and examples of work performed in laborer and technical-economic classifications.

The principle of classifying employees according to tariff scales remains the same as in the classification according to tariff groups and functions applicable in other systems of employee remuneration.

Employees are placed in the appropriate grade of the scale by the entrepreneur based on consideration of the prevailing type of work performed by them and the aforementioned standards and examples of work activity listed in the supplement to the decree.

For the performance of individual work activities and functions in grades II to VI on the tariff scale (skilled laborer and skilled laborer-specialist, professional TH [technical-economic] worker, expert TH worker, professional TH expert and manager) the standards for the scale grades list qualification requirements for guidance. The most examples for types of laborer activity are listed for grade III on the tariff scale.

The entrepreneur is required to pay employees graded on the tariff scale no less than the base wages listed in the decree. So for instance the minimum monthly wage for a

THP in grade III of the tariff is set at Kcs1,850 and for a skilled laborer in grade III the minimum hourly wage is set at Kcs10.00 up to Kcs10.60, depending on the length of the work week. Application of the various forms of wage payment and their combination (by time, piece rate, share, mixed and so on) is entirely up to the entrepreneur. Wages and extras for overtime, night shift and Saturday and Sunday work are regulated in the decree similarly as in state enterprises. Extra pay for work at heights over 150 meters, for laborers working in confined areas or in difficult body positions forced on them by their work assignment is set at between five to Kcs13 per hour. Similarly, the decree sets extra pay at between 10 and Kcs36 for each hour of work performed in extraordinarily difficult and hazardous conditions where it is required to use breathing isolation apparatus, or for work under water, at very high temperatures and in an ionizing environment. The extra pay may be set by the entrepreneur in advance by an average amount, or cumulatively unless there is a substantial change in the working conditions. The entrepreneur is not required to maintain systematic record of employee claims according to specific extra rates.

Subject to agreement with the manager or another official through whom he conducts entrepreneurial activity, the entrepreneur may set up a personal wage account. A portion of the employee's wages is transferred to this personal account. Agreement on setting up a personal account must be in writing, otherwise it is invalid. Wage compensation for time spent idled is handled in accordance with the appropriate provisions of the Labor Code. The entrepreneur pays employees for the work performed and its results on the basis of terms agreed upon in the work contract, the intraenterprise wage rules, and so on.

It is the entrepreneur's responsibility to inform employees in advance of the contents of this decree, as well as of the internal enterprise rules covering remuneration and grade assignment in accordance with the tariff scale, and enable them to peruse these regulations.

Industrial Decline Arrested

90CH0240D Prague HOSPODARSKE NOVINY
in Czech 13 Jun 90 p 1

[Text] Prague—According to preliminary data for the first five months of the year it appears that the decline in industrial production registered in the first quarter stopped in April and the situation stabilized further in May. According to the rush reports presently available to the Federal Statistical Office, during the past month—similarly as in April—the total volume of industrial output approximated the level attained last year.

These favorable results (with the same number of work days in May and one fewer since the year's beginning) were due especially to the performance of the glass, ceramics, and porcelain industry, the textile, poly-graphic, wood processing and food industries, as well as health products and gas. On the other hand, in the

FMHSE branch the gross output index stood at 97.4 as compared with last year's January-May period, of which 95.8 was in heavy engineering, 97.6 in general engineering and 98.3 in electrical engineering.

Thanks to these results the overall production shortfall from the early part of the year was further slightly reduced, to minus 2.0 percent for five months (as compared with the same period last year). The average daily output is lower by 1.3 percent. According to the final data for January through April, this year's decline in industrial output amounts to 2.2 percent.

A rather less favorable picture emerges in the construction industry. In centrally managed enterprises the volume of construction work performed by their own work force fell further: compared with five months of last year, by 5.6 percent and the average daily output, by 4.7 percent. According to final data for four months production declined by 3.7 percent and average daily production by 2.6 percent. To the extent that this development is connected with certain restrictions on overextended investment, it may be evaluated positively.

Favorable development is noted in the procurement of livestock products—generally exceeding last year's performance (with the exception of milk). In a five-month period the following additional quantities were procured: livestock for slaughter, 19,200 tons; poultry, 6,100 tons; eggs, 33.1 million each, but milk fell short by 12.1 million liters.

The railroads evidently had less freight to carry: transport of goods in May (22.4 million tons) was 9.0 percent below May of last year, and since the beginning of the year (108.0 million tons) it fell by 8.6 percent. A major drop in comparison with last year was recorded in May by river transport: minus 18.6 percent.

Since the beginning of the year retail turnover rose by 6.9 percent, of which 7.1 percent was in May alone. Foreign tourist traffic was reflected in a steep increase in Cedok's turnover (public catering), by 27.3 percent in May this year over the same month last year. Exceeding the national average increases over May of last year are the South Bohemian kraj (109.3), Prague (109.2), Central Bohemian kraj (107.9), South Moravian kraj (107.6), East Bohemian and West Slovak (both 107.4). On the other hand, the smallest increase in retail turnover for last May was registered in the North Bohemian kraj (103.6). It was surprising to find that the establishments of Restaurants and Cafeterias as a system—in contrast with Cedok's public catering—recorded a 1.3 percent drop compared with last year's May receipts.

Radical Demonopolization, Convertibility Urged

90CH0240B Prague HOSPODARSKE NOVINY (insert)
in Czech 6 Jun 90 pp 1, 4

[Article by Eng. Jaromir Zahradnik, deputy chairman, Czechoslovak State Bank: "What Kind of Convertibility?—A Scenario for Transition to Market Redistribution of Foreign Currency"]

[Text] A market economy is based on the proposition that economic entities make their decisions freely and are guided by macroeconomic regulatory interventions of the state in the areas of currency, finances, and possibly support for desirable structural changes. The only criterion for their decisionmaking is the financial effect as the result of comparative pricing of all inputs and outputs.

A comparative price as the basis of a market mechanism can exist only in a competitive environment. Hence the first step of reform must be creation of such an environment by means of a radical demonopolization. It is unthinkable for any economy to build up a functioning market within the limited scope of a national economy.

Therefore it is a categorical necessity to open up the economy to foreign competition by liberalizing imports. This liberalization is conditioned on allowing flexible access by domestic subjects to foreign currency, at least in the form of an internal convertibility of Czechoslovak currency. Just as any other free purchase or sale in the market, currency convertibility presupposes a comparative price—the price of foreign currency—as formed on the basis of demand and supply on the currency market.

Risks of Non-Coordination

The present regime of a so-called foreign currency self-financing, foreign currency standards, levies, and subsidies—despite its unquestionably positive features in comparison with the natural allocation system—is essentially a modification of the centralized directive method of managing foreign currency earnings and distribution. It proceeds from an assumed supply obligation—that is, an assumed nonmarket situation, of a deficitary imbalance and unrealistic and noncomparative currency exchange rates. In its essence it does not reckon with restoring the functions of the koruna and it doesn't need them. It relies on the interest of organizations to make and use foreign currencies and institutionalizes their circulation; it "dollarizes" the economy and in a program of transition to a market economy it would become an extraneous factor.

The very technology of individual foreign currency norms will become unmanageable with the rapidly growing number of operating entities in the economy. Yet it would be hazardous and imprudent to abolish the system when it is not yet "pushed out" by a functioning market, and create a management vacuum.

The object of reform in the foreign currency economy is a transition from the present allocation system to a system of a market redistribution of foreign currency. A convertibility program may not leap ahead of progress in the other sectors of economic reform, but neither can it lag behind them.

The banks, especially the Czechoslovak State Bank, in a way hold the key role. The state bank is concerned with Czechoslovak currency, something that indisputably belongs to the responsibilities of a currency institution.

Preconditions for koruna convertibility (even if limited, yet indispensable for the success of economic reform and transition to a market economy) are being created also by other sectors of economic policy, thus by no means solely by currency policies.

A warning signal is the unhappy experience with tourist rates which are often viewed, for the most part wrongly, as the culprit in devastating the supply of our population through purchases by "tourists" from neighboring countries paying for the goods in less than equivalent prices, if computed according to standard exchange rates. Let me just leave aside the naive notion that a foreign visitor forgoes the opportunity to buy the koruna cheaply in a fully developed currency market outside the official exchange bureaus, unless he is prevented by administrative measures.

It can be rightly objected that the price of the koruna on the black market (and hence also the tourist exchange rate) is the product of a limited, deformed market affected by specific factors: undersaturation of the Czechoslovak market with certain types of goods, class-deformed structure of Czechoslovak pricing, relaxation of many administrative obstacles to our citizens' foreign travel and the resultant explosive growth in demand for foreign currencies. When deciding to introduce tourist exchange rates the government adopted complementary measures designed to overcome the most serious deformations of the existing market and improve the koruna's standing in this market. But these measures turned out to be ineffective and the price paid for the lack of comprehensiveness and coordination is well known.

Two general conclusions are to be drawn:

- a) One must not succumb to the temptation to adopt and put into effect half-baked reform measures which in a foreign environment can lead to unanticipated and undesirable consequences;
- b) We must consider variants in cases where individual sectors of economic reform develop differently.

Functioning of a Foreign Currency Market

The fact that a centralist, directive system of economic management breeds inefficiencies and imbalances suggests the logic of the proposed scenario of promoting reform, promoting internal convertibility of the koruna, fastest possible demise of the hybrid system and the quickest displacement of the instruments of administrative direction by a functioning consistent money market mechanism. For these reasons of principle I believe that any unnecessary postponement in creating the conditions for a functioning market mechanism in the economy as a whole and within this scope in the management of the foreign currency economy, generates inexcusable growing loss and exacerbates the social consequences of a solution.

Thus it is of fundamental importance for the transition to a market system in the foreign currency economy to

start out with a balance between supply and demand, and not only in the foreign currency balance sheet: Any (even partial) imbalance in other sectors of the economy happens to be the most easily "solvable" at the expense of the foreign currency balance. Herein lies the risk of an inconsistent approach.

A successful functioning of the foreign currency market (based on the power of the exchange rate as the decisive tool assuring a balance) is conditioned on restrictive measures in the budgetary and currency policy which would protect the foreign currency market from inflationary korunas.

Material conditions in the foreign trade area, especially the competitiveness of our products, our economy's need for imports and the long-delayed modernization of many production lines demand setting an initial exchange rate which could be stabilized (balance between supply and demand) even at the cost of a possible recourse to regulatory interventions, possibly also a certain rise in indebtedness during the initial period.

This proposed step in the area of exchange rates is conditioned primarily on a realistic price policy guaranteeing fundamental respect for effective supply and demand, be it at contract, free, or to an unavoidable extent centrally-controlled prices. It would be wrong to conclude that what is involved are merely prices of goods in the consumer market or possibly the market of production factors. Next to the aforementioned foreign currency rate this involves primarily "prices" in the financial and capital market. At the same time it is essential to address the compatibility of our policy of non-equivalent redistribution of incomes, of our tax and levy policy, with the policies of the countries which are our economic partners.

Given the extent of the internal economic imbalance and the actual nonexistence of a comprehensive market environment, it will be necessary in the initial stage to combine the principle of free access to foreign currency with certain foreign currency restrictions, often used also in market economies. Giving full freedom to imports while seeking to restrain indebtedness in free currencies to an economically sustainable level would be reflected in a disproportionately high exchange rate and accompanying inflationary tendencies.

A system of regulatory mechanisms may include for instance koruna-denominated import deposits which the importer will have to put up within a certain advance period prior to purchase of foreign currency funds at the commercial bank for payments going abroad. One can also visualize imposition of import licenses and customs fees to protect the goals of the state's commercial and structural policies. In this stage the population's access to foreign currency will be subject to limitation, which is a practice also in other countries. Similarly it will be necessary to exercise control over the volume of imports for market stocks, given the very high level of demand due to unsatisfied purchasing power.

To put internal convertibility of the Czechoslovak koruna into effect requires that payments transacted with foreign entities are processed within our economy through koruna-denominated accounts, thus excluding circulation of foreign currencies. Foreign currency receipts will be sold to commercial banks at the actual exchange rate and foreign currency funds will be freely accessible to organizations and other subjects again at the actual rate of exchange.

All foreign currency receipts will pass through the foreign currency market. In this way all subjects will participate in the shaping of the foreign currency exchange rate and this rate will at the same time have an impact on every subject involved in external economic relations.

With the gradual restoration of an internal as well as external equilibrium it will be possible to phase in a full liberalization in the importation of goods and services, public access to foreign currencies, and later also capital transfers. This would create conditions for transition to an external (full) convertibility of the Czechoslovak koruna with foreign currencies.

The foreign currency market will operate between commercial banks authorized to handle foreign payments and the central bank. In this system the commercial banks will make foreign currency payments to recipients abroad from funds (receipts) purchased from exporters, and settle possible differences with the central bank. The latter will be equipped with a foreign currency reserve which it can replenish from surpluses of foreign currency receipts in interbank trade, or expend to stabilize the foreign exchange rate of Czechoslovak koruna, or possibly to ensure liquidity of the commercial banks.

No Room for Error or Hesitation

In the area of conditions that have to be created for an internal convertibility of the Czechoslovak koruna the cardinal issue is setting the initial Kcs exchange rate vis-a-vis freely convertible currencies. After reviewing the experience of other countries it emerges clearly that the initial level of the future market exchange rate must be set so as to ensure its long term relative stability (even at the price of appropriate interventions by the central bank). Should the foreign exchange rate be set too low, the excess of demand over supply would lead to an unsupportable growth in foreign indebtedness. The ensuing need for further devaluations would cause strong inflationary pressures in the economy.

To ensure adequate flexibility for intervention in the initial stage of introducing a foreign currency market it will be essential to increase the central bank's foreign currency reserves. Along with utilization of credit resources, an important role in the foreign currency financing of the needs of economic reform must be played also by direct foreign investment in Czechoslovak enterprises. To develop and regularly maintain this investment flow, it is essential to provide favorable economic and legislative conditions for foreign investors.

The maneuver of transiting to an internal currency convertibility is evidently the trickiest component of the economic reform. On its success depends substantially the success of the entire reform; proceeding in the wrong way or even hesitantly can release two extremely dangerous genies from the bottle: an uncontrollable inflation, or excessive burden of foreign credits. Hence both the basic scenario and its realization must consider variant forms of approach.

GERMAN DEMOCRATIC REPUBLIC

Impact of Arms Reduction, Factory Conversion Analyzed

90GE0186A East Berlin

WIRTSCHAFTSWISSENSCHAFT in German May 90
pp 754-762

[Article by Prof. Dr. Hans Einhorn, economist, sociologist, born 1931, Berlin College for Economics: "Economic Problems Related to Concrete Measures for Arms Reduction Through the End of 1990"]

[Text] When acknowledging the basic truth that disarmament increases international security and is economically advantageous for every social order the question arises about the concrete economic effects of specific steps in arms reduction. Reducing the manpower level of the GDR's National People's Army [NVA] by 10,000 men by the end of 1990, deactivating six armored regiments, converting or scrapping 600 tanks, deactivating a naval air group, retiring 50 attack helicopters and a 10-percent reduction in expenditures for national defense through the end of 1990 have substantial economic impacts for a country like the GDR—both direct and indirect as well as immediate and later. Accordingly, disarmament measures on this magnitude permit economic assessment. But such observations are also urgently needed in order to be prepared for additional disarmament steps which can be achieved as a result of ongoing international negotiations.

In addition to the problems of primary and secondary distribution and questions of personnel, an analysis of the economic effect of arms reduction measures must take into account two issues: first, the economic problems of eliminating existing military equipment; second, the economic impact of adapting/converting from military to civilian production which is tied to reducing military equipment and the manpower level of the Armed Forces.¹

Both directions are inseparably linked. In this situation the following applies: conversion in the economy is triggered by progressive measures in the Armed Forces. First off there is the direct effect from reducing the manpower level and reducing the Armed Forces' military equipment at home. This reduction has a direct impact on combines, enterprises, and economic institutions which are involved in the material maintenance of the Armed Forces or are entrusted with the tasks of

scrapping. Measures toward arms reduction also have an impact via the defense production enterprises on the subcontracting industry for military end-producers and for industry which produces production means at home and in other countries by reducing or restructuring demand. In addition, the economy is influenced by the distribution processes which are triggered as a result of disarmament.² Beyond that, by virtue of essential changes in the structure of foreign trade, disarmament measures at home influence the economies of other countries and the balances of trade with them.

In like manner the arms reduction measures in other Warsaw Pact countries can have an impact on the GDR's economy. According to Huck, a return of arms exports mainly constitutes a secondary burden on the national budget, for example, from the increased cost of smaller quantities or the absence of a share in the research costs. In contrast to conversion resulting from a reduction in defense expenditures, the effect of freeing up budgetary funds is also missing in the conversion.³

At present, the unilateral steps being taken in disarmament and detente are associated with changes in the military doctrine of the participating Warsaw Pact countries. That led to restructurings of the military requirements which in turn resulted in rearrangements and partial conversions in the economy. The following apply to the overall process of disarmament:

a) The political goal—increasing national security—is a primary fact in relation to economic considerations. Political decisions also determine the scope of the disarmament steps and thus the extent of the economic effects. Conversely, economic pressures exert an influence on the concrete disarmament steps.

b) A high level of efficiency—as a ratio of utility to cost—of the disarmament process can be achieved by maximizing civilian use or by minimizing cost when destroying, dismantling, adapting, and converting.

c) From the outset one goal must be positive results both socially and economically. In the long run, restricting the unproductive use of forces related to material, personnel and finances always has a social-economically positive effect (long-term results). But in a concrete case—primarily when there are no plans—over the short term disadvantages can develop for the affected workers, for enterprises and for sites. This can and must be countered on a long-range basis.

d) When destroying military equipment environmental pollution levels must not exceed a specific level. Destruction technologies and lot sizes in units of time must take that into consideration.

e) All disarmament steps—including adapting production—must be controllable. K. Oestreich and A. Knoth have undertaken a approach for verifying arms control measures which involves analysis of the system. Their point of departure is the fact that the most important prerequisite for achieving effective verification is the

political will on the part of all those involved. This is especially dependent on the extent to which cooperative verification measures are agreed upon and noncooperative “intelligence” is accepted.⁴

f) A scientifically based economic disarmament strategy is required for both directions.

Eliminating Military Equipment

Military equipment is being eliminated in the GDR in two basic ways: by scrapping; through conversion to civilian use.

Specifically, this means eliminating by means of complete scrapping (immediately or gradually) and/or eliminating by means of scrapping parts which determine the system (this means using parts for maintenance or using parts in the economy).

Both kinds must guarantee in a controllable way that the military utility value cannot be reestablished. This is accomplished by destroying the major construction groups which insure the military application of the equipment (for example, for a tank this means the gun, the machine gun, the optical system, and the intelligence system).

As a rule conversion to civilian use can only affect a rather small part of the resulting special military equipment (motor vehicles and similar special repair equipment are not under consideration here). For example, in the GDR tank undercarriages with special assemblies are being used in brown coal strip mining; airplane engines are useful in deicing transport equipment used in obtaining coal and energy. Such use is, however, economically efficient only in large enterprises (groups of vehicles, repair capacities, and so forth). It would be inefficient to use individual former tanks, for example, at waste dumps or in agriculture because they lack the technical basis. In the majority of the possible applications, using special civilian equipment is economically more efficient than converted military equipment.

Eliminating military equipment by scrapping system-determining parts and using parts in the economy takes place in the following stages:

—decommissioning and sending on for dismantling;

—dismantling;

—removing and wrecking system-determining components; this involves:

a) preparing the unusable parts for scrapping and the scrapping process itself;

b) rebuilding or preparation for rebuilding and transfer to the economy.

In actual practice, obtaining replacement parts from the equipment to be destroyed is evidence of a demonstrable, immediate economic use. Since the Armed Forces' requirements for replacement parts are high and

there are often differences between the authorized and actual inventories of replacement parts, this approach appears to be significant. However, in the end it continues to be only a special approach. On the one hand, the saturation level of such replacement part reserves is relatively quickly reached by destroying rather large quantities of military equipment. On the other hand, decisive partial systems which determine the special combat effectiveness of the equipment to be destroyed cannot be stored as replacement parts because then there are questions about the reason for destroying and about the matter of controllability.

Eliminating military equipment by scrapping system-determining parts and using parts for maintenance includes these processes:

- decommissioning and sending on for disassembly;
- disassembly;
- removing and wrecking system-determining components.

In connection with this, the process is divided into:

- preparing unusable parts for scrapping and scrapping itself;
- dismantling and sorting the residual parts, either for scrapping or for transfer to allocation recipients.

Accordingly, the bulk of the military equipment which is to be scrapped is completely scrapped. In this we differentiate:

- immediate disassembly, wrecking the decisive military equipment systems and subsequent scrapping;
- wrecking the decisive systems, intermediate storage at waste dumps and subsequent disassembly and scrapping in keeping with the technological conditions. When rather large quantities of equipment to be destroyed accumulate.

The latter approach has advantages by virtue of:

- constant disassembly capacities for personnel and material;
- less environmental pollution from scrapping;
- more favorable opportunities to process the resulting special scrap;
- guaranteeing controllability even when dismantling rather large quantities of military equipment.

The advantages and disadvantages of various approaches must be calculated even further using concrete models. How important such calculations are is revealed by the—without thorough analysis—discussions, which were often controversial, concerning the suitability of the individual variants. In an extreme case it was even recommended to the Ministry for National Defense to officially state that for economic

reasons it would not be possible to adhere to the deadline for destroying 600 tanks by the end of 1990.

Independent of the concrete approaches, destroying military equipment reveals the following economic effects:

1. The national wealth is reduced by the value of the military equipment minus the scrap value or the value of the replacement parts or the converted equipment which can be used in the civilian sector, respectively. The social value is that much higher.

2. Society must bear the costs of destroying military equipment (this includes the costs of production means, such as cutting and burning tools, presses, propellant gas, wages for labor forces, software costs, transport, and storage costs). Only in the case of airplanes does the scrap price cover the costs of scrapping, with tanks it is one-fifth. Scrapping a tank costs about M23,000 (using army forces), the proceeds from the scrap amount to M 4,400. Only the approaches which produce construction groups or which involve conversion are cost-favorable. Of course, in these cases scrapping costs rise beyond M 50,000, the proceeds from the replacement parts and the scrap, however, amount to about M 260,000. Of course, such calculations are based on the fact that scrapping in the GDR is largely accomplished by NVA forces. If there were a higher wage level, the costs of scrapping would almost double in the case of industrial dismantling and scrapping.

3. Since military basic assets when in use do not transfer any value to new products, from the economic point of view when they are scrapped the physical wear and tear does not play a role as, for example, in the case of machine tools. The rate of depreciation which is equal to the gross value less the scrap value plus the disarmament costs divided by the useful life is of course important for analyzing military-economic processes in the Armed Forces.

4. The economic assessment of destroying military equipment requires including the utility costs of this equipment. According to international calculations, the result is ratios up to 1:6:15 between research and developments costs, acquisition costs and utility costs for modern military equipment. Thus, for example, according to A. Paulus the costs of operating and supporting an armored division in the FRG's Bundeswehr came to as much as DM850 million per year.⁵ Thus, it is insufficient when calculating the cost and the result of scrapping military equipment to contrast only the cost of acquisition with the cost of disarmament. The largest economic impacts come about when the utility costs are omitted. But these impacts appear only over rather long periods of time while primarily the cost of disassembly is clear in the short-term effect.

The Effects of Disarmament on the GDR's Economy

In order to be in a position to evaluate the effects of disarmament measures on the GDR's economy, it is essential to first take a look at the GDR's defense

production. Since the commitments in the Potsdam Agreement and additional coordination with Warsaw Pact countries have been consistently observed, the GDR did not develop any capacities to produce decisive large military equipment such as tanks, airplanes, and missiles. These were imported from other Warsaw Pact countries, primarily from the Soviet Union. Nonetheless, there still remained a variety of tasks for the GDR economy to meet the material requirements of the Armed Forces which, including all material output, it took care of with a value of more than 50 percent. In particular, the economy produced small arms, rifle ammunition, intelligence equipment, vehicle equipment, ships and boats for the Baltic Sea region, explosives, engineering and repair equipment, clothing, fuels and lubricants, provisions. At the same time it assumed responsibility for the largest part of military equipment repairs, including combat equipment. In addition, deliveries and services for the Warsaw Pact countries were made in accordance with the commitments. The share of overall production devoted to defense production fluctuated in the individual industries approximately between 0.4 and 2 percent. It was somewhat higher in electronics and in vehicle manufacturing. The measures which were prepared for conversion will reduce these shares further when realized.

The most important types of defense production in the GDR were:

- its own end-production of military goods which was agreed upon within the context of the Warsaw Pact,
- licensing-based defense production including the necessary scientific-technical output,
- industrial repair and providing material output for the armed units,
- cooperative services for the Warsaw Pact countries,
- production of specific production means for the GDR and the Warsaw Pact countries.

As a result of the high level of cooperation and specialization, defense production was linked with all sectors and branches of the economy. Characteristic in this connection is the expanded identity between the civilian and the military character of production in respect to preliminary and partial products as well as the clear specialization on the military character in respect to end-products.

Defense production in the GDR was organized within the framework of the economy's existing sector and industry structure by virtue of the state-owned combines with their enterprises. These brought together the necessary research and development potential, production, guaranteeing product-specific deliveries, in-house construction of rationalization means and sales. Thus, they were also in a position to produce the necessary goods and services to economically guarantee national defense.

As a rule, enterprises, production shops and departments mainly specialized in producing military goods in the important military equipment production industries. But even these enterprises and enterprise shops did not exclusively produce just goods for national defense. At the same time, on a limited scope, goods were manufactured there for civilian purposes, particularly for consumer goods and the consumer goods themselves. Thus, an enterprise which is designed for tank repair, simultaneously produces replacement parts for automobiles. A small weapons manufacturer provides deliveries for washing machine production and other similar things. This share of the manufacturers of defense goods has continued to grow up to the present and with the conversion measures will turn into an important production direction for the enterprises.

Beyond these specially designed enterprises and production shops in the combines, other combines, that is, enterprises whose primary production capacities are used for nonmilitary purposes, provided many kinds of deliveries for producing and utilizing military equipment and for other kinds of equipment.

The relatively modest in-house military end-production does not reflect the GDR's economic cost for its national defense. Until 1988, the GDR's defense budget grew more rapidly than national income did. Contributing factors included, among others, substantial price increases for military equipment and general equipment in the foreign markets. The burden was substantial because about 5.8 percent of the national income produced was for national defense.⁶

The disarmament measures on the grand scale described above influence the economy in the following basic directions:

1. The material and financial means which are saved are available to the economy. At the same time drawing on resources for arms production, however, used to inhibit growth and continues to do so. Thus, within the framework of the economy, reducing the defense budget by 10 percent is of a magnitude which demands attention. Of course, it should be noted here by way of qualification, the disarmament process at first even ties up means. They exceed the previously mentioned costs for scrapping. These even include, for example, means for adapting production and training the labor forces—that means that the actual positive effects are coupled with a time lag. This is also intensified by the fact that substantial contradictions exist between the material potentials which are being freed up and the differently structured fields of activity in the economy.

2. Reducing the manpower strength of the Armed Forces is synonymous with increasing the economy's capacity for work. Of course, even here several problems must be referenced:

- Using the labor forces for new production requires training measures and solving social problems (for example, job opportunities at other locations—

together with commuting or moving residences. The later in turn affects housing construction projects). The practical results of suddenly releasing a large number of members of the army (or even members of other security organs) requires serious analysis. Integrating into professions individuals liable for military service and noncommissioned officers and officers with extended service terms up to three years presented no great problems. But the situation is different with the professional cadres. Their level of training—in part with a very high level of specialized knowledge—does not match or no longer matches the fields of employment in the economy. In the future, in this instance systematic retraining measures must be prepared.

3. There have been important changes in the Armed Forces' material requirements which the economy must still take care of. This affects both the quality and also the quantity. The latter means that the structural change in the requirements is influenced by the emerging constant absolute reduction in overall scope. Distinguished conversion researchers such as U. Albrecht, K. Engelhardt, B. J. Huck, and J. Huffscheid made reference to the fact that restructuring military requirements because of a shift in defense doctrines does not automatically decrease costs.

The structural changes in the requirements, but mainly reducing the scope, involve the need for changes in the shape of the economy. This is primarily expressed in the conversion of defense production enterprises to civilian production.

4. There are the following types of conversion:

a) With the same technology similar products emerge for civilian use. This is true, for example, of numerous supplies where the product for military consumption differs only insignificantly from the civilian product (for example, clothing, food, fuels, and lubricants).

b) With the same technology new civilian products emerge. For example, this can apply to shipbuilding, aircraft building, and the electronics and optics sectors.

c) With new technologies new products emerge. This applies, for example, to converting manufacturing plants from artillery systems, ammunition, and repair enterprises.

5. When converting defense production enterprises to civilian production the special characteristics of defense production must be considered so as not to result in economically indefensible and avoidable losses. Thus, defense production in the narrow sense is intensive beyond the average in respect to basic assets, current funds and material. It often imposes special requirements for steadiness in the face of catastrophes and averages, it is linked with high demands for all kinds of quality control, but mainly it is to a high degree science-intensive. This results in an above-average high technological level for many defense productions enterprises.

When converting, the effort must be made to maintain this technological level. The relevant literature on conversion cites examples where this is not guaranteed in the case of short-term objectives of economic policy. Thus, for example, using former defense enterprises with the highest technological level to produce simple consumer goods has an immediate economic impact (meeting demand). However, over the long term economic disadvantages set in. Moreover, in this connection there must be an even more precise analysis of whether concrete conversion measures must unconditionally create more jobs under all conditions and in various social orders. If that involves lowering the technological level, then going such a route seems of doubtful value for the GDR. In the technical literature there are also references to the fact that certain defense production sectors are even more labor-intensive than similar ones in civilian production.

6. All conversion processes involve significant economic structural changes. Once again this emphasizes the importance of economic designs and government regulation with full responsibility on the part of the institutions and enterprises involved. The necessity for a total social perspective comes mainly as a result of the following factors:

—There is a complex interdependence in defense production by virtue of cooperative relations with all sectors of the economy. For example, in tank production it is estimated that there are over 2,000 cooperating partners for the end-enterprises. Converting the end-enterprises will also result in far-reaching changes in production in the supplying enterprises. In the interest of avoiding economic losses and negative social effects this will require comprehensive social regulation.

—Converting defense production changes the territorial structure of the economy. Designs which go beyond the context of the individual enterprises must be present for economic sectors of all sizes. They must also comprise the infrastructure.

—Arms production everywhere was and is supported or subsidized by the state. This starts with research and development and ends with sales. Conversion requires the availability of means for converting technological processes, for retraining measures for the labor forces, for new logistical structures, and so forth. The requisite means for this can in part be obtained by reducing the defense budget. Once again this underscores the thesis: The impact of the actual economic effects of arms reduction will be felt in their totality only on an intermediate and long-term basis.

—Attention must also be paid to the substantial changes in foreign economic relations. Essential conversion measures will result—as cited—not only from arms reduction measures at home. If through the end of

1990 the Warsaw Pact countries, for example, decommission more than 12,760 tanks, cooperative production efforts in the context of military-economic integration, which were established for enterprises, will not apply beyond national borders.

7. Given the current state of arms reduction negotiations and the goals actually achieved at present military equipment and arms continue to be produced in the countries of both military coalitions. In the case of these projects—mainly introducing new items into production—conversion capability should be taken into account in order to accommodate additional disarmament steps.

In the conversion process, therefore, it is possible for contrasts to emerge between the overall social interest in conversion and the immediate interests of the enterprises in defense production. Solving these requires scientific analysis, collective consultation by all those involved and state regulation. Such very “natural” contradictions among interests and difficulties were presented, for example, in NEUES DEUTSCHLAND using the example of the VEB [state enterprise] Carl Zeiss Jena Combine.⁷ The spectrum ranges from at least a one-year loss of profits by an enterprise which is to be converted to an unsettled state of affairs concerning wage policy. The fact that in fall 1989 the then general director at first refused an offer from the College of Economics to subject conversion problems in the enterprise to economic analysis is all the more unintelligible.

Conversion requires far-sighted conversion programs and plans. These must make possible optimal conversion of defense production to civilian products within comprehensive social interests. Such programs—which also require advanced research—are all the more necessary if actual results are achieved in the current arms reduction negotiations. Destroying military equipment and converting military production to civilian production reached a new height internationally.

Footnotes

1. In the GDR the arms reduction process, together with far-reaching political and economic changes, has been developing at a rate which could not have been foreseen. Many facts dating from the time of manuscript preparation are thus outdated; the basic principles continue to be applicable.

2. Compare B. J. Huck, “Conversion and Disposable Budgetary Funds,” *MEDIATUS*, No. 11, 1989.

3. Ibid.

4. Compare K. Oestreich and A. Knoth, “Verification of Arms Control Measures. Observations Based on Systems Analysis,” *WEHRTECHNIK*, No. 9, 1989.

5. A. Paulus, “Security Risk Cost Explosion,” Bernard and Graefe Publishing House, Munich, 1981, p. 233.

6. “1989 GDR Statistical Pocket-book,” GDR State Publishing House, Berlin, 1989, p. 25.

7. Compare J. Albig, “Medical Equipment Instead of Fire Control Equipment—Zeiss Enterprise Changes Its Profile. Future Outlook and Problems of Conversion,” *NEUES DEUTSCHLAND*, 27 December 1989, p. 3.

HUNGARY

Changed Attitude on Whether COCOM “Restricts Sovereignty”

25000751A Budapest NEPSZABADSAG in Hungarian
23 Jun 90 pp 1, 3

[Article by Peter Vajda: “On the Way Toward COCOM; Hungarian Action Against Secret Actions”]

[Text] Expert negotiations concerning COCOM affairs will begin on Monday in Budapest. On the Hungarian side, government commissioner Dr. Zsolt Kohalmi, and on the American side, Robert Price, director of the State Department COCOM office, will head the “second round” of discussions. The first round took place in early May in Washington.

Reports received from NEPSZABADSAG reporters in West Europe and in the United States are unanimous: The greatest change thus far in the relationship between Hungary and the COCOM countries is at the threshold. Information received during the past 24 hours suggests that this may be attributed to the fact that proposals to modernize and renew the entire system were adopted at the high level COCOM conference held in Paris early June. We will learn of the specific decisions after the Budapest conference. The United States and the FRG play an outstanding role in the change of outlook that took place within COCOM. This new approach makes a qualitative difference in the treatment of the “countries of rising democracy,” meaning Hungary, the CSFR, and Poland. To a certain extent it also opens the door to treating the Soviet Union in a new way.

Beyond the intent of verifying the changes, national and corporate interests also influence the conduct of COCOM countries, because they are exporting countries. Western companies are unable to operate efficiently in the [East European] market if in Hungary or in other states the situation concerning the telephone system or computerization is miserable as a result of COCOM restrictions. Since competition to acquire the market of the former socialist countries will become more keen, it appears appropriate for developed countries to make as many products as possible that they wish to sell here exempt from the restrictions.

All of this may take place if the buyer country—in our case Hungary—enjoys the confidence of the exporting country: if the buyer uses a given product for declared civilian purposes, and does not pass this product on to another institution within the country, or to another state. This confidence also includes the requirement that as an importer country we are willing to provide the guarantees asked for. In this regard, today's Hungarian

attitude differs from the attitude of the day before yesterday, which viewed [the provision of such guarantees] as a restriction of sovereignty. Our primary national goal today is the acquisition of modern technology. We are the ones who must catch up in the field of technology, and consequently, if COCOM countries want legal guarantees to the effect that Hungary will not pass on the acquired technology, such guarantees must be provided; on-the-scene verification is no longer a taboo either. The COCOM countries may also be certain of the fact that Hungarian organs will take a firm stand against secret actions related to technology originating from abroad, if there are such actions. Similarly, they will receive guarantees that the period in which Hungarian enterprises had access to illegally acquired technology has come to an end. Incidentally, the Hungarian Government delegate recently told American legislators that these attempts have resulted in more trouble in the past than the benefits they produced. They deteriorated our relations with the United States, and the "acquired" process often could not be transplanted because they were overly complex; lacking the appropriate infrastructure, service, and software, no tangible results were produced.

According to our expectations, after the Budapest negotiations Hungary's handling of, e.g., the computer and telecommunications fields will be much more liberal than it is today. And COCOM, whose five letters symbolized cold war confrontation, will become a cooperating partner organization which we may gradually approach in the upcoming period, up to the point where our relations with COCOM become like those of, let's say, Austria's and Finland's.

U.S. State Department Sci-Tech Chief Interviewed
*90CH0179B Budapest MAGYAR HIRLAP
in Hungarian 7 May 90 p 5*

[Interview with Martin Prochnik, director of the U.S. State Department's programs for scientific and technological cooperation, by palugyai; place and date not given: "Not an Aid Program, but a Collaboration of Equals; Joint American-Hungarian Research Gets Under Way"—first paragraph is MAGYAR HIRLAP introduction]

[Text] The Hungarian-American joint committee whose task it is to coordinate the implementation of the cooperation agreement signed by the two governments last October held its first meeting during the past week. I asked Martin Prochnik, the leader of the American delegation who heads the U.S. State Department's bureau responsible for scientific and technological cooperation, which are the fields and what are the forms in which this agreement could advance joint scientific research.

[Prochnik] First of all, I should emphasize two things. One is that since scientific research and technological advancement are the bases for economic development,

our cooperation in this area has very concrete significance. Also, we are not talking about a program of assistance; rather, our goal was to initiate mutually advantageous collaboration among partners of equal intellectual quality. For this reason, the two governments created a monetary fund, with \$1 million from the American partner and an equal amount in forints from Hungary, with researchers from both countries eligible to apply for support from this fund for the purposes of joint research projects. Even though we have no intention of creating any bureaucratic restrictions, and during this visit we have discussed only the initial strategies of this collaboration, we have outlined certain primary areas. Among these I may mention health care, agriculture, energetics, the location of natural energy sources, and the protection of the environment. We talked, for example, about comparative research, the causes and divergent courses of circulatory and lymph diseases, the geologic search for mineral reserves, and the dissemination of American methods for improving the effectiveness of utilizing energy resources.

[palugyai] In your view, what are the differences between this agreement and the previous forms of American-Hungarian scientific cooperation?

[Prochnik] While previously much of the joint research took place in basic research and in the field of agriculture, this agreement creates much broader horizons, which is demonstrated by the fact that representatives of several government agencies, such as the Department of Energy, have been members of our delegation. Aside from the fact this is the first government-level agreement of this type, the other distinction is represented by the existence of central money funds. I also consider it important that in the race to obtain some of the fund's money, various scientific fields can find themselves in a healthy competitive situation.

[palugyai] With which other East European countries does the United States have similar agreements?

[Prochnik] With Poland for more than a year, with Yugoslavia for years (but there the money is distributed among several republics), and with the Soviet Union for about 15 years, but in that case the agreement contains numerous bureaucratic elements and restrictions.

[palugyai] You led the first official government-level American delegation to Hungary since the elections and the creation of a new National Assembly. What impressions have you gained during your visit?

[Prochnik] I can honestly say that members of the delegation were awed by the fundamental changes that have taken place in your country. Several members of the delegation witnessed the first meeting of the new National Assembly and, even though we could not understand the language, they were deeply influenced by the emotional impact of that great event. I feel that we can be grateful for the opportunity to visit Hungary at such a historical time.

[palugyai] In view of the events in Germany and Lithuania, how much attention does America pay to the peaceful transition taking place in Hungary?

[Prochnik] I do not believe that its significance is underestimated. Hungary continues to have a good, positive press in the United States. Just before I departed from home, the radio stations and the press of Washington reported daily on events taking place in your country. You do not have to worry about finding yourselves on the periphery of attention!

POLAND

Prospects for Barge Transport Improvement on Oder River Viewed

90EP0659A Szczecin GLOS SZCZECINSKI in Polish
18 Jun 90 p 3

[Article by A. Babinski: "The Future of Navigation in Regionalization"]

[Text] A few days ago, we raised several issues from the broad subject of inland navigation whose problems have been treated marginally for some time remaining in the shadow of troubles affecting larger carriers, the PKP [Polish State Railroads] and motor transport. At the same time, we suggested that the time had come to conduct a rational division of the monstrous "Navigation on the Oder" [Zegluga na Odrze] structure with its administration in Wroclaw because this model had become obsolete along with the dwindling away of the possibility of carrying on long-distance navigation from the Zatoka Pomorska [Pomeranian Bay] to Kozle.

Life itself has made it so that the Oder fleet may be used nearly exclusively on a regional basis whereby its Szczecin segment has found itself in the best circumstances. Here, between Kostrzyn and Swinoujscie, there is always enough water for barges and tugboats. From this region, and more specifically from Szczecin, Stepnica, Trzebiez, Bielinek, Gryfino and other places with wharfs, it is possible to send push and self-propelled barges to Central and Western Europe. At one time, when the main stream of the mid-section of the Oder was deeper, it was possible to send barges to the West from Wroclaw as well as from several other ports in the south [of Poland]. Today, even if such possibilities do exist, they are only sporadic without the guarantee of regularity.

Forced regionalization has already managed to shape several basic methods of operating the Szczecin barge fleet. Unfortunately, it is difficult to speak of them as of something stable since the cargo supply is subject to frequent changes independent of navigation. Following are examples of such changeability:

Twelve to 13 years ago, the "Zegluga na Odrze" would transport more than 3 million tons of construction aggregate annually from Bielinek to Szczecin, Police and Swinoujscie. This year, shipments of this raw material will come to 500,000-700,000 tons. This results from the

working out of deposits and from a drop in demand for aggregate. There can be no return to the large amounts from years past since Bielinek has already given what it had whereas there is no talk of constructing a similarly situated gravel mine.

Transport runs between Szczecin and Swinoujscie commissioned by the Port Authority [Zarząd Portu] were another way of using the transport ability of barges to a significant degree on a local scale. During good years, the barge shipping line would transport 0.5 million tons of coal and ore annually. This, too, is already part of the past and this year, transports of this kind will amount to approximately 200,000 tons.

These examples do not, at all, mean that the demand for local barge transport will drop to zero. For some time now, a demand has been noted for the chartering out of barges and tugboats as well as cargo handling equipment by those needing to use them in various ways. This includes firms such as Energopol, repair shipyards, PRCiP [Enterprise for Dredging and Underwater Work] and others, and even private investors. Last year, the Szczecin branch of "Zegluga na Odrze" collected 0.5 billion zloty for the hiring out of equipment and during 5 months of this year, already more than 1 billion zloty has been made. It is too bad that not everything that floats can be used in this manner or rather everything that can be navigated under the charterer's flag for this form of navigation. The most difficult task is finding work for tugboats making set runs. These are barely used 40-45 percent of the time; they stand and cost money and finding a buyer for them is a lost cause.

In writing previously about the possibilities of intensifying the usage of barges, we mentioned that they are in foreign trade. For 2 years now, "Zegluga na Odrze" has been transporting 700,000 tons of cargo annually on routes to Berlin and further West. In all certainty these hauls could be doubled and increased even more but this depends on making Polish importers and exporters aware of this possibility as well as on the inland charterer's adaptability to the implementation of increasingly more difficult assignments. Naturally, at the present time, he would have the opportunity for the lucrative transporting of liquid fuel from the West to our country but that is out of the question because he does not have even one barge-tanker at his disposal. However, there is another, positive example of the remunerative specialization of several watercraft owing to which the transport of 120,000 tons of loose cement from Szczecin to Berlin (2,400 tons weekly) as well as 15,000 tons of bagged cement from Stepnica to Holland has become possible.

In projections for the next few years, emphasis should probably be placed on adapting the water transport fleet of "Zegluga na Odrze" to the implementation of increasingly more demanding, specialized tasks. To function on the European market, it is necessary to have not only barges for the transport of coal or aggregate but also tankers, produce carriers and refrigerated carriers which

allow for the collection of high freight rates. This can be achieved not only through the building of new watercraft but also through the adaptation and modernization of barges with good, solid planking guaranteeing many more years of navigational performance.

Consequences of Free Market Shift on Coal Exports Examined

90EP0655A Katowice TRYBUNA ROBOTNICZA
in Polish 18 Jun 90 p 3

[Article by Jozef Heblinski: "Free-wheeling American' Coal: Polish-Polish Competition in the World Market"]

[Text] Today the distribution of coal and the sale and transport of this raw material are done according to free market principles. Mines have complete freedom in the matter of selling their coal to domestic or foreign buyers under the condition that they receive a price license. There is no longer any possibility of administrative influence over coal mines in the area of coal distribution. Is this good or bad?

This is what Dr. Eng. Tadeusz Demel, the director general of the Katowice Anthracite Coal Association, has to say on the subject.

"Let me first refer to history. Trade in coal during the prewar period was concentrated in the hands of the state which had broad powers to protect the interests of the consumer. At the same time, a certain part of the sphere of trade in this raw material was regulated by the coal industry organized as the then existing Polish Coal Convention. The activity of the Powiat Executive Committee [PKW] had as its primary purpose the protection of the interests of the coal producers. The state set maximum coal prices and PKW set minimum coal prices. After the war and to the end of the past year, the obligatory agency for coal distribution was the Coal Sales Center; this was necessary due to the constant shortage of this fuel and the need to manage it rationally."

This year for the first time, we are witnessing a considerable surplus of coal in our country. As a result of being free to negotiate agreements for coal deliveries, mines producing lower quality coal were forced out of the domestic market. This pertains specifically to the following mines: Jaworzno, Komuna Paryska, Siereszka, and Janina. From information obtained from the Polish State Railroads, it develops that freedom to negotiate agreements with coal customers (with the exception of the Coal Sales Center) causes a definite increase in shunting work at railroad switching stations. Previously there was an adequate system for organizing coal transport which made it possible to accommodate approximately 80 percent of the total of this transport in so-called compact routed trains.

The peculiar "free-wheeling American" system of dealing with anthracite coal also pertains to export. The Anthracite Coal Association has information that some

mines conduct negotiations with foreign companies that apply to them and with domestic companies dealing in coal export. Basically, there would be nothing wrong with this except for a certain "but..."

"The export offensive conducted by competing enterprises, private contractors, and foreign middlemen comes at a time of complete saturation of the domestic market with power coal," says the Director Demel. "Allocating new quantities of coal to a foreign buyer, particularly in Europe, is possible, as a rule, only if it is sold at lower prices. Frequently, this results in a cancellation or delayed acceptance of coal sold earlier at higher prices. Competition, which in principle should favor lower costs, in this particular case sometimes assumes the guise of a caricature: it results in offering to foreign purchasers of Polish coal lower and lower prices. Although these prices are higher than domestic, official prices, nevertheless the fact that official prices do not cover all the costs of producing coal, that coal is simply subsidized, is a fact that is not taken into account.

"Benefits from decentralization of our coal exports accrue to both the foreign buyers and middlemen, and the Polish economy loses, as do the producers of the coal. It seems expedient, therefore, to appoint a strong organizational unit that would grant export licenses and control the price level in negotiated contracts."

These important comments on the problems of our coal trade and coal export are confirmed by specific examples. A Yugoslav buyer delays accepting type 34 coal purchased for a price of \$47 a ton agreed on earlier. He justifies this by stating that he has received offers to obtain Polish coal of similar quality at \$4 to \$5 less per ton. The Foreign Trade Agency Elektrim offers India type 35 coal for a price of approximately \$3 a ton less than the offer made by Foreign Trade Agency Weglokoks. Moreover Elektrim said it was ready to sign a multi-year contract to supply two to three million tons of coal annually to this market. Signals also appeared concerning the intention of other intermediary centers, for example, power stations that receive coal at official prices, to export it. They would be willing to sell coal at a small profit, forgetting, however, that the official prices are subsidized by none other than the state budget.

To hear the opinion of the other side, that is, the mines, on the subject of trade in Polish coal, we turned to representatives of the managements of some of the mines. From conversations with Kazimierz Wrobel, the director of the Jaworzno mine, Stanislaw Granieczny, chief engineer of the Jastrzebie mine, and the director of one of the Katowice mines who asked to remain anonymous, it develops that these mines are against the practice of lowering the prices of Polish coal as a result of competition among themselves for foreign clients. We must wait to see in the near future whether these laudable attitudes will be fully reflected in practice: that there will be no Polish-Polish competition for foreign markets trading in anthracite coal.

HUNGARY

**'Official' Trade Union Attacks Parliament,
Quarrels With Free Union****MSZOSZ Objects to Legislation**

250007461 Budapest NEPSZABADSAG in Hungarian
14 Jun 90 p 13

[Advertisement by the National Association of Hungarian Trade Unions (MSZOSZ), successor to the National Federation of Trade Unions (SZOT)]

[Text] Violation of Rights! Could There Be Violations of Rights in a Constitutional State?

This week three bills were introduced in Parliament which gravely endanger the freedom of trade union organizing and the independence and autonomy of trade unions, and represent coarse interference in their internal affairs. The adoption of these bills would be a violation of rights.

I. Concepts affecting the recreational property managed by the MSZOSZ and the operation of such property threaten trade union recreation.

The concepts disregard the MSZOSZ' intent to transform preferential recreation with the participation of all existing trade unions. The essence of this is the utilization of recreational property to serve employee interests. The final forms of such recreation will be decided by operating trade unions, the government, and representatives of employees. Representatives in Parliament are aware of this.

Despite this awareness, there are some who have initiated the establishment of a committee which does not even come close to reflecting the actual structure of present trade union organization, its actual proportions. They intend to provide direct representation to organizations with a few hundred or few thousand persons, while trade unions with several hundreds of thousands would be excluded from the opportunity to participate.

In Your View, What Is the Interest of Employees?

II. Those who urge that the legal successors to the former SZOT [National Federation of Trade Unions] and its member organizations be held accountable are aware that the 26th congress of SZOT resolved that the former assets of SZOT will be distributed among all trade unions. This would have been realized already, had the Democratic League of Independent Trade Unions not prevented the actual sharing of the assets. The MSZOSZ [National Association of Hungarian Trade Unions] offers an opportunity for a few observers from Parliament to become involved in the workings of the forum which distributes the property among trade unions, so that they can see in practice who, and with what kinds of arguments, is preventing the implementation of the

MSZOSZ positions, and whose interests it serves to cause constant incitement concerning the subject of trade union property.

Trade unions belonging to the MSZOSZ are prepared to account for state property under their management, and for state reimbursements provided for recreational and public educational expenses, just as they did before. But they object to coarse interference with issues pertaining to their own property, and with their internal property and financial affairs.

In Your View, Whose Interest Does Interference Serve?

III. The legislative proposal concerning the voluntary character of paying trade union dues is a more overt attack on trade unions than any of the foregoing. It violates a number of legal principles and prevailing legal provisions. It violates:

- The principle of the free exercise of rights to which persons are entitled;
- The principle of the freedom to enter into contract;
- The principle of volunteering declared in the law on associations, according to which everyone may decide for himself to which organization he wishes to belong, which organization he wishes to join;
- The International Labor Organization [ILO] agreement concerning "the freedom of association and the protection of the freedom to organize" ratified by Hungary, according to which workers organizations, among others, have to right to develop their own organizational rules and organize their own administration; and
- Employees, because it suggests that employees are not capable of deciding for themselves in favor of which trade union they want to have their dues payments deducted.

In the interest of objective judgment and handling [of this matter] in a manner consistent with law, the trade unions appeal to Hungarian and international public opinion. They are informing the European trade unions, the European Parliament, as well as the general meeting of the International Labor Organization now holding its session about everything that certain political forces are doing and intend to do against employees and against their interest representation organizations by invoking the constitutional state and under the aegis of democracy.

As needed, the MSZOSZ will turn to the Constitutional Court for legal recourse, because it is confident that constitutional statehood does not tolerate the violation of rights.

**Isn't It True that You Do Not Vote For
"Demotatorship," But For Democracy?**

With this hope we thank you for your distinguished attention.

The MSZOSZ

League Critical of MSZOSZ

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[Interview with Democratic League of Independent Trade Unions [FSZDL] executive Csaba Ory, by Karoly Rimoczi; place and date not given: "The League Criticizes MSZOSZ; Would Workers Representation Depend on an Office?"]

[Text] The managing committee of the Democratic League of Independent Trade Unions issued a statement yesterday concerning National Assembly proposals involving trade unions.

According to the statement, "the League considers it dangerous that the former state trade unions launched an all-out attack against the freely elected Parliament and against the first responsible government in a long time, to preserve their privileges. Questioning the legitimacy of the Parliament and, generally, the use of strikes as a threat endangers the consolidation of democracy just achieved." They also criticize the MSZOSZ leaders for "not granting to the government the promised 100 days of tolerance agreed upon by the opposition parties, and they threaten to launch a signature drive to order the call for a popular referendum to force actions which were not even subject to negotiations between the new government and the trade unions." According to the League, the spread of "social demagogery" could be brought to an end by a trade union roundtable conference to be convened at the earliest possible date. According to the League's proposal, as detailed in the statement and forwarded to the National Assembly, the automatic deduction of trade union dues would cease, the former SZOT and its successor organizations would have to account for their property, and their privileges stemming from the recreation program would be discontinued.

Following receipt of the statement, we interviewed FSZDL executive Csaba Ory:

[Rimoczi] Your statement hauntingly resembles a speech delivered by Alliance of Free Democrats [SZDSZ] representative Ferenc Koszeg in Parliament. Is the similarity a coincidence?

[Ory] The League already published a statement with similar content last August. We are pleased that at this time the SZDSZ has joined our position. This is no coincidence to the extent that we reconciled our statement with their expert [Herend Workers Council chief and National Assembly representative] Imre Palkovics and with representatives of other parties.

[Rimoczi] In your statement you once again deal with the issue of trade union property. The MSZOSZ declared that it is willing to share with all trade unions. From the outsider's viewpoint it appears that the MSZOSZ charge that the League manifests "obstructionist conduct" is true. Accordingly, what prevents the sharing?

[Ory] We are familiar with this charge. In contrast, the League has been constructive from the outset; in principle the MSZOSZ is willing to do anything, but in practice it endeavors to do away with us. Their basic stance that they want the League to implement the position taken by the MSZOSZ congress is unacceptable; we could not express our views in the formulation of that position. We are unable to agree with the idea of [property] distribution in proportion to dues [paid in], because that would freeze the present situation, and new trade unions in the process of organizing would be forced into a disadvantageous situation. Equally, the charge that we conspired to squander and to fragment trade union property is untrue. From the beginning we have held the position that the fragmentation of property would not be fortunate, because if that happened, the quarrel concerning property would become a permanent feature whenever a newly formed trade union appears. Instead we urged that all trade unions be ensured of elementary operating conditions.

[Rimoczi] A news report from last Friday has it that in an effort to help your functioning, the MSZOSZ provided office space for the League.

[Ory] We did not receive an office, we received a promise. Right on the spot it turned out that the office [slated for us] has been leased for five years to an enterprise, one that is not even thinking of moving out, because it has already spent several million [forints] on that building.

[Rimoczi] Employees become helpless in the midst of these battles, their interest would be cooperation between trade unions. The League also urges that a trade union roundtable be convened, and so does the MSZOSZ. Rather than doing so, the exchange of messages continues. Why?

[Ory] Previously we were the ones to urge that a trade union roundtable be convened. Now we are hearing that they were the ones, and that we are not willing to negotiate.

[Rimoczi] Is that not true? After all, the League is the one that establishes conditions for participation.

[Ory] Only equal parties are capable of engaging in substantive negotiations. Our condition is that they ensure for us the fundamental conditions for operations. Quite naturally, we would consider this when the assets are distributed. At this time we still have to establish whether there is any chance that we will receive the office space offered.... Until then, however, we continue to work in a 70-square-meter, high rent room, under not at all pleasant conditions, to put it mildly. This at a time when we find limited liability corporations and enterprises in buildings that are part of trade union property.